Group B+ SPLH Working Group: Report on options regarding areas of divergence

December 2024

Contents

1. Introduction

1. There is currently no such thing as a global patent system. At a global level, a patchwork of national and regional patent systems form a fragmented landscape. This is complicated and difficult to navigate, especially for small and medium sized enterprises and universities. Users of the current systems have often expressed their needs for international harmonisation of substantive patent law.

2. Efforts on international substantive patent law harmonisation (SPLH) have been ongoing for several decades. The Group B+ is an informal forum, composed of around 45 industrialised countries as well as the European commission and the EPO, which has been working on SPLH.

3. Since 2014, pursuant to a mandate from the Group B+, the Industry Trilateral (IT3)[1] has been working on a proposal for a package of norms which could form the basis for international SPLH. In October 2021, the IT3 released its 'Elements Paper'[2] for public distribution, containing the IT3's unfinished and not-yet-agreed draft proposal for a package of norms.

4. At the Group B+ Plenary meeting on 5 October 2021, some delegations expressed strong willingness to conduct consultations with domestic stakeholders on the IT3 proposal. In the months that followed, national and regional consultations were carried out in Australia, Canada, Europe[3] and Japan.

5. Those delegations reported on the outcome of their consultations at the Group B+ Plenary Meeting held on 21 September 2022. It was decided at that Plenary Meeting to create a voluntary working group (WG) to analyse the outcomes of the national and regional consultations on user association proposals for substantive patent law harmonisation.

6. The aim of the WG was to identify areas of convergence in the opinions of users across jurisdictions, as well as areas of divergence where additional work and discussions would be necessary. Seven delegations participated in the working group: Australia, Czech Republic, Germany, the European Patent Office, Japan,

[1] Composed of representatives from the American Intellectual Property Law Associations (AIPLA), the Intellectual Property Owners Association (IPO), BusinessEurope, and the Japan Intellectual Property Association (JIPA)
[2] "Policy and Elements for a Possible Substantive Patent Harmonization Package", Industry Trilateral (IT3), September 2020 https://documents.epo.org/projects/babylon/eponet.nsf/0/9EF8B11CA78E51E8C1257E6D005706F4/$File/industry_trilateral_elements_paper_of_september_2021_en.pdf
[3] Consultation of European stakeholders was based on a common consultation document prepared by the EPO. National consultations were carried out by 20 EPC member states: BE, CH, CZ, DE, DK, ES, FI, FR, GR, HR, HU, IE, IS, IT, NL, PL, PT, SE, SI, UK and the results were consolidated.

Poland and the United Kingdom, with France observing. The working group was chaired by Mr. Julyan Elbro from the UK delegation.

7. In order to discern the positions of stakeholders, the results of the various national and regional consultations, as well as the IT3 Elements paper, the International Federation of Intellectual Property Attorneys (FICPI) paper, "FICPI Position on Patent Law Harmonisation (Group B+)"[4], and relevant resolutions of the International Association for the Protection of Intellectual Property (AIPPI)[5] were taken into account. The working group also drew upon the previous work of the Group B+ and the Tegernsee Experts Group as well as WIPO Standing Committee on the Law of Patents documents which were relevant in determining details of existing systems.[6]

8. The WG presented a report to the Group B+ Plenary in July 2023. In that report the WG:
   (i) provided an overview of the different existing systems;
   (ii) compared the results of the national consultations and related reports, and identified areas of convergence and areas requiring further work where the areas of convergences could help to initiate the core of a common package; and
   (iii) for areas requiring further work, identified the different possible options for each issue, taking into account existing legislation and results of consultation, as well as the work which has already been done by the Group B+ and the B+ subgroup to analyse and comment up on the options.

9. The comparative analysis identified several areas where there already existed convergence in stakeholder views across jurisdictions. The WG proposed that these areas of convergence should be included in an SPLH package, and further discussion of these elements should be stayed for the moment so that work on areas of divergence may be prioritised.

10. Through the comparative analysis, the WG identified several areas where stakeholder views still diverge, as well as possible options for each of the issues. The WG proposed that the options thus identified should be the focus of future discussions within Group B+.

11. While a great deal of progress had been made, the WG also recognised that the comparative analysis formed a sound basis for further work. The WG, therefore,

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[4] FICPI Position on Patent Law Harmonization (Group B+), FICPI (2018), https://ficpi.org/system/files/FICPI-WP-2018-001-Patent_Law_Harmonization.pdf

[5] Grace period for patents (soutron.net) (2013), Prior user rights (soutron.net) (2014), Publication of patent applications (soutron.net) (2016), Conflicting patent applications (soutron.net) (2018)

[6] Certain Aspects of national/regional patent laws. Revised Annex II: SCP/12/3 Rev.2 (wipo.int), Questionnaire on Exceptions and Limitations to Patent Rights (wipo.int)

proposed a further investigation of the options identified in the comparative analysis to complete the work with a view to informing future discussions on an overall package of SPLH in Group B+.

12. The Chair of Group B+ concluded that the Group had a mandate from its users to pursue SPLH, and that the WG would continue its work in the coming work cycle.[7] Since then, the delegations from South Korea (KIPO) and Turkey (TURKPATENT) have decided to participate in the working group. The present report is the result of the further investigations of the WG.

13. The further analysis of the WG focussed on the three main topics where divergences exist as identified in the 2023 Comparative Analysis, namely grace period, prior user rights (PURs) and conflicting applications. The WG has:

    (i) reviewed the evidence from previous studies conducted by the Tegernsee Group, the Group B+ and regional and national offices.
    (ii) engaged with user associations and patent professionals to seek user input on the options identified. The WG conducted two rounds of meetings with stakeholders with experience of SPLH and also received direct input from stakeholders through a questionnaire.

2. Methodology

14. The review of evidence from previous studies was conducted by members of the working group in a collaborative effort. This involved reviewing existing studies conducted by Group B+ and the Tegernsee Group as well as relevant studies conducted by regional and national offices (see Annex i) on the issues of grace period, conflicting applications and prior user rights to identify discussion of the options identified, primarily, in the 2023 Comparative Analysis. The working group also sought to identify general discussion of these issues and discussion relating to particular features (e.g. anti-self-collision). The analysis sought to extract, with respect to different options: associated pros and cons, commentary on the effects and, additionally, stakeholder views and preferences. This evidence was then used to compile an in-depth study of the effects of each of the options identified, presented in this report.

15. The impacts identified in the analysis of studies were used to inform questions in the questionnaire (see Annex II). The questionnaire was agreed by the WG and aimed to gather stakeholder's preferences and acceptable outcomes, to gauge the current international mood towards different options. The questionnaire also

[7] GROUP B+ PLENARY MEETING Geneva, 12 July 2023 MEETING STATEMENT (epo.org)

aimed to gather stakeholder's views on the impacts of choosing particular options, to test some of the findings of the analysis of studies herein.

16. The input gathered from stakeholder meetings and the questionnaire has been included in this report, to comment further on the impacts of options as well as the state of play regarding previously identified areas of divergence, whether this divergence still exists and to what extent.

3. Questionnaire

3.1 Methodology

17. In total, 37 user associations responded. Unfortunately, one user association did not respond to the questionnaire but sent its response to a different set of questions from an older survey, so this reply has been omitted from the dataset leaving 36 responses represented. The absolute number of responses per region were: Europe – 22; CA – 2; US – 2; AU – 4; JP – 3; KR – 2. It should also be noted that a single response was received from an international organisation, so that response has been included in the total column but not accounted for regionally (i.e. 35 responses regionally, 36 responses in total).

18. The data gathered was used to produce graphs which have been included in this report. To provide regional comparison, often this data is portrayed as representing the view of a particular jurisdiction, it should be emphasised that this is not necessarily the case. While the sample included many of the largest and most influential user associations involved in harmonisation discussions, these are the views of a select few associations from each region and so cannot be said to represent the larger cohort of businesses which would be affected by any changes to national/international patent legislation.

19. Additionally, user associations did not always submit responses in the same format, leading to some limitations. Other limitations are inherent in the sample of respondents. These limitations are discussed below.

20. Firstly, of all the regions surveyed, Europe had by far the most respondents, so the total figures are heavily influenced by European opinions. Therefore, regional responses have been displayed alongside the total so that it is clear how much this total is impacted by certain regions, Europe in particular. Since the number of respondents from other regions is relatively small, care must be taken when comparing percentages from these regions with percentages from regions with more representation. This is because percentages may obfuscate smaller sample sizes.

21. Additionally, some respondents answered questions differently to others, for instance, by modifying the answers as set out. Some respondents expressed more flexibility than others. A significant number of respondents did not answer flexibility questions. There may be any number of reasons why this was the case. For instance, it may be that some associations feel that to reveal flexibility preferences will weaken their hand in negotiations. Some associations may not want to create the impression of disunity by selecting no consensus and choose to avoid answering altogether rather than select 'no consensus'. It may even be the case that some associations did not fully poll membership and were only able to respond based on previously agreed positions which did not cover ranked second-order preferences. Since it cannot be determined which, if any, reason was behind these unanswered questions, it would be wrong to assume that any of these reasons is the correct one.

22. Also, while all other respondents answered the questionnaire by ticking the boxes provided, thus giving a single response on behalf of the association, the two KR user associations provided respectively numbers of votes and percentages of their members' votes towards each option presented. Since this was not immediately comparable to the rest of the data, where possible, percentages were computed for those responses in absolute numbers and an average of opinion in KR was generated, which could then be compared against the rest of the data. Additionally, for questions where rankings were provided, it was not possible to extract the order of preferences for KR because of the way the data was structured. In particular, for some questions where multiple responses were possible, for one association, there was no indication of the total number of respondents, making it impossible to determine percentages of approval/disapproval which could be compared to the rest of the data. Therefore, where compromise options are discussed, only broad generalisations about how acceptable a particular option is to users in KR can be made.

23. Finally, on limitations inherent in the sample, where associations have provided a single answer, it should be considered that there presumably exists a range of views in their membership (as demonstrated by the responses from KR). A single tick box cannot account for the multitude of other opinions held by a minority of an association's members. Moreover, it is not known, in most cases, how many users contributed to a particular association's response. Furthermore, many associations chose not to respond at all, so the questionnaire findings presented in this report are incomplete, although they remain useful in identifying trends.

3.2 General positions on SPLH

24. As part of the questionnaire, users were first asked whether they supported the goal of SPLH. Over 93% of respondents expressly supported SPLH, denoting strong approval across all regions. Not a single association actively rejected the

goal of harmonising patent laws (the small number of 'no' votes present came from a small minority of KR respondents).

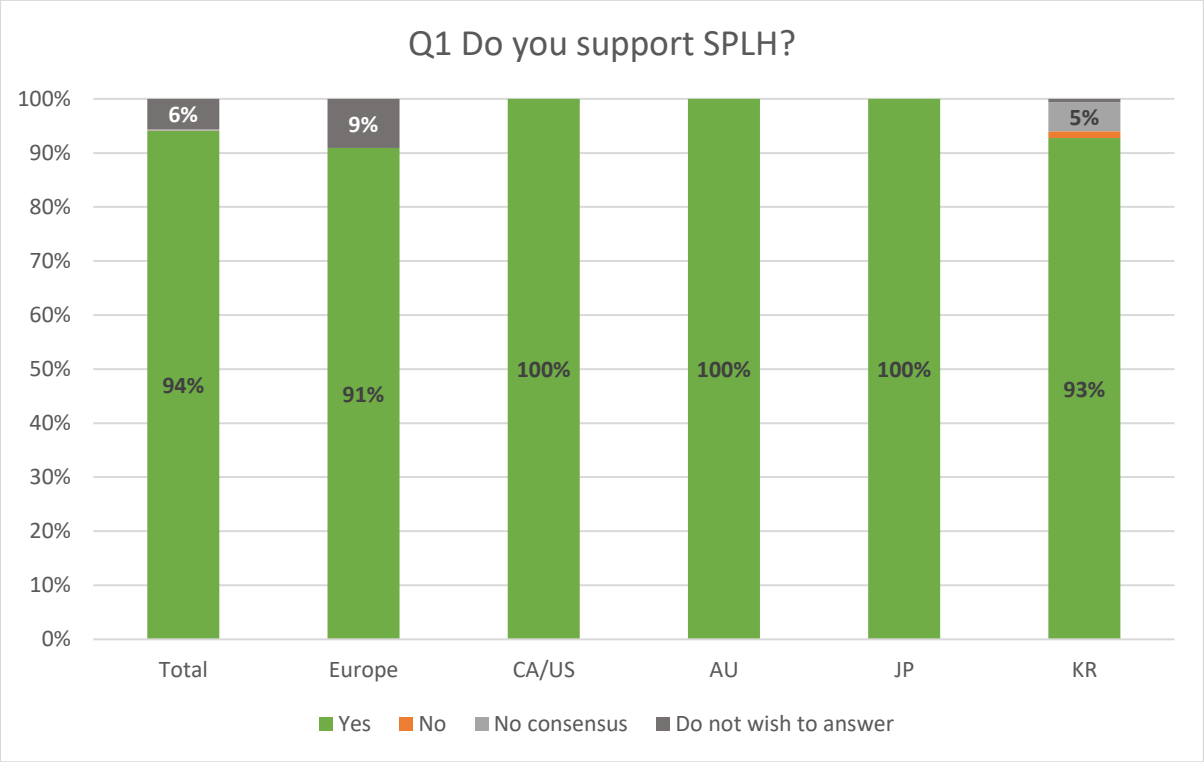

Figure 1

25. Since a large motivation for the questionnaire was to better understand users' willingness to compromise, users were also asked whether they wanted SPLH and, if they did, whether they realised that compromises would be necessary in order to achieve the goal of SPLH. Over 70% explicitly responded that they wanted SPLH and that compromise will be necessary to achieve it.

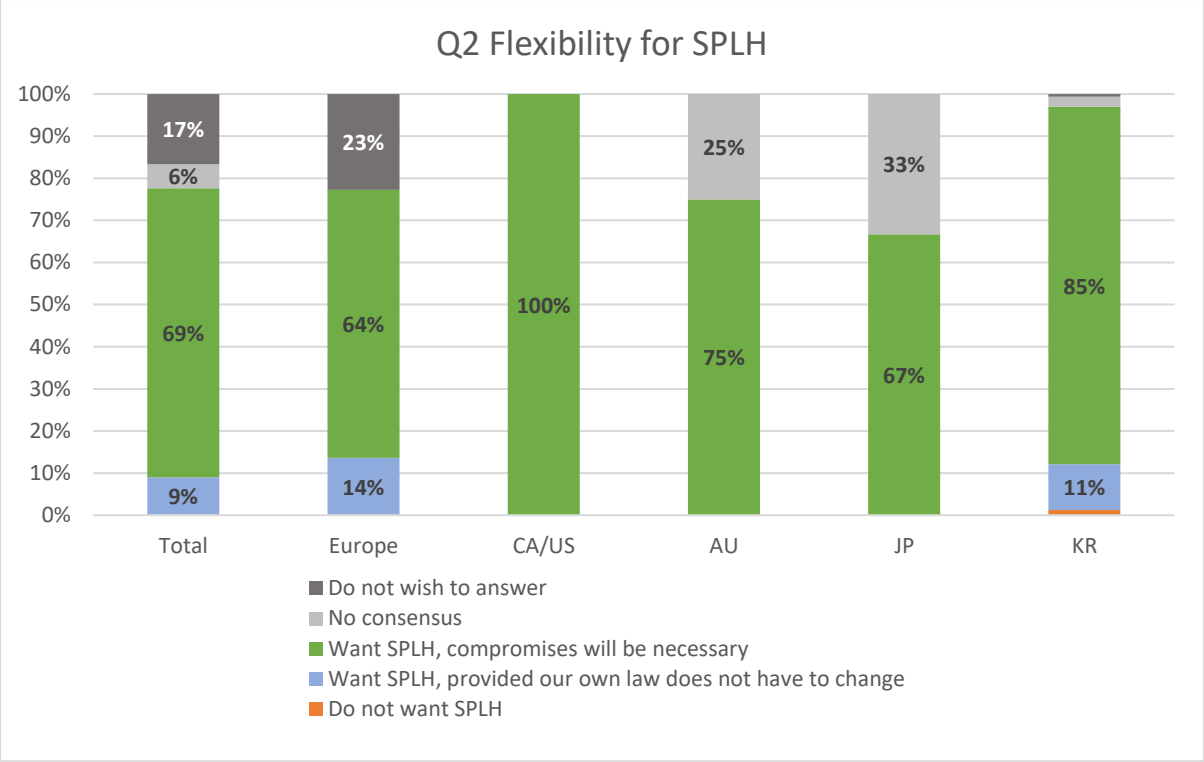

Figure 2

26. Unlike conflicting applications and prior user rights, many jurisdictions do not currently have a grace period. For this reason, the questionnaire asked generally about whether stakeholders were in favour of a grace period. Findings from the questionnaire showed that most regions, which already have a grace period, support the grace period. The exception is Europe which, not currently having a grace period, has split views on the issue.

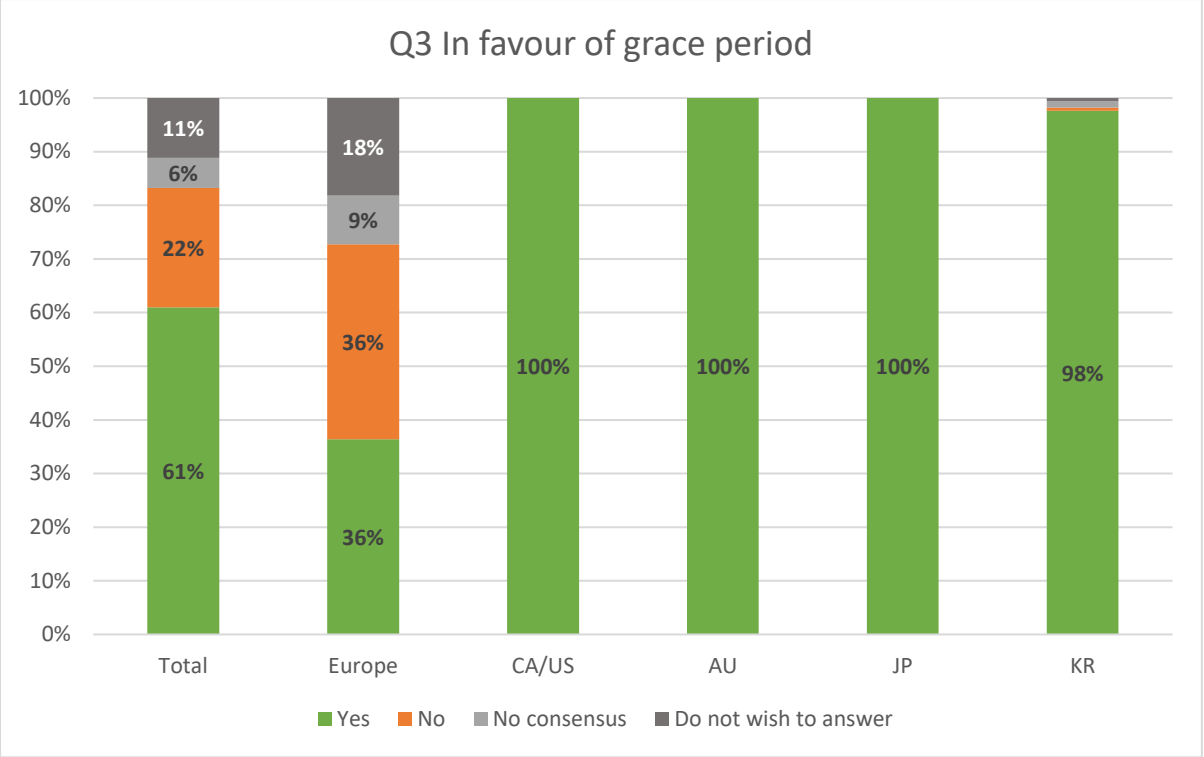

Figure 3

3.3 General observations on responses

27. It should be noted that some responses (28%) provide what could appear to be inconsistent answers. For example, one association responded in Q.13 that "novelty only, without anti-self-collision" represented best practice, but then in Q.15, responded that there was no consensus regarding the preferred distance between applications (rather than checking "novelty only"). Another example is a response indicating that "robust prior user rights" (defined in the document as allowing derivation of the invention from the applicant) constituted its preferred grace period safeguard in Q.7, but then in Q.23, checked the box that prior user rights should be prohibited from arising where knowledge of the invention is derived from the applicant. Whilst it is possible that such inconsistencies result from a lack of understanding of the issues, there may be other explanations, such as the association's methodology for determining these answers. If members were polled (and depending on how they were polled), it may be that a small deviation was enough to tip a consensus view to a non-consensus view. As evidenced by some of the KR responses, some individuals may choose to answer some questions but not others, resulting in different samples for each question. As it cannot be known exactly how/why answers were selected, care should be taken before making any inferences. If anything, this merely provides evidence of just how complex these topics are, and how difficult it is to poll users on their positions to these topics.

28. What can be said with certainty is that as 72% of respondent stakeholder associations had no such inconsistent answers, most stakeholders are obviously

well-aware of the issues and ramifications. Therefore, interaction with users should continue on SPLH to ensure that this knowledge is carried forward and stakeholder associations will remain well placed to give lucid input into the ongoing process of SPLH.

3.3.1 Willingness to compromise and flexibilities

29. The survey contained a question gauging the flexibilities of the stakeholder associations, which included the statements “Our law represents best practice and it should not be changed and “We want SPLH, but only provided our own law does not have to change. Otherwise, we prefer the status quo”. Where associations ticked one of these two options, did not wish to answer or stated that there was no consensus, a lack of flexibility on their part in responding to other questions gauging such flexibility may not be surprising.

30. However, 69% of respondent associations (25 of 36) checked the box indicating that they “wanted SPLH, and realised that to achieve international harmonisation, compromises would be necessary, and that they were prepared to be flexible and change their own law, as part of a balanced harmonisation package, to be able to enjoy the benefits of harmonisation.” Given their position explicitly endorsing compromise, it was interesting to evaluate the responses of these associations to the questions intended to gauge their flexibility, which by definition, would be required of parties in order to reach a compromise (Q.8 on safeguards regarding the grace period; Qs 14, 16 and 18 on conflicting applications). Also relevant to a determination of whether associations actually were flexible and prepared to compromise was whether their responses generally reflected the norms in force within their jurisdiction.

31. It should be noted that KINPA and KPAA are included in the 69%, given the fact that in both cases, the majority of their members (89% and 81%) supported the statement regarding international harmonisation and compromise. However, rather than present a common position on behalf of their association, they canvassed their members and included the detailed results, KINPA by ranking the responses and providing percentages, and KPAA by including precise numbers of members endorsing each position. In both associations, members demonstrated remarkable flexibility. A significant number of KR members also showed a great deal of flexibility in envisaging alternative approaches to their national system, demonstrating an openness which is extremely encouraging.

3.3.1.1 Actual flexibility measured against responses indicating a willingness to compromise

32. Of the 25 associations which indicated an awareness of the need for compromise and flexibility, (19 or 76%) of them demonstrated flexibility by indicating a second preference to their preferred option, either with regard to the grace period only (5

or 20%) or with regard to conflicting applications only (5 or 20%), or showing at least some flexibility on both issues (9 or 36%).

33. However, the remaining respondent associations in this group (6 or 24%) did not indicate any flexibility. This was by either not answering the questions above, entering their preferred system as their “flexibility”, or stating that there was no consensus, despite their response to Q.2.

3.3.1.2 Actual flexibility measured against responses indicating a lack of willingness to compromise

34. The other 11 respondent associations responded to Q.2 that they either supported SPLH only provided their law did not change (3), reported no consensus (2), did not wish to answer (3), did not answer (1), or checked “other” and reformulated option 2 expressing an understanding for a need for compromise (2).

35. Respondent associations in this category either demonstrated a lack of flexibility (2), or did not wish to answer/did not respond at all to the relevant flexibility questions (5), or their answers contained inconsistencies making assessment of flexibility difficult (3). Only one respondent association showed clear flexibility on both the grace period and conflicting applications, despite reporting no consensus on Q.2.

3.3.1.3 Conclusion

36. Thus, in all, 13 (6 of those showing no flexibility despite claiming a willingness to compromise + 7 indicating a lack of willingness to compromise and remaining consistent in their views) of 36 or 36% of respondent associations in fact showed no flexibility at all, whereas 20 (19+ 1) of 36 or 56% were prepared to consider options other than their preferred approach.

4. Grace Period

4.1 Introduction

37. If international substantive patent law harmonisation is going to take place, it is generally expected that Europe will have to accept a grace period. Currently, most B+ countries outside of Europe provide a 12-month grace period, whereas Europe operates under an absolute novelty requirement.

38. Under an absolute novelty requirement, a clear line is drawn as to what constitutes prior art. If an item of potential prior art is public before the filing or priority date of an application, it is prior art; if it is after this date, it is not. There is

no need to delve into the issues of whether the item emanates from the applicant or from an independent third party, who disclosed it or whether the disclosure was authorised. There is thus arguably a maximum level of both simplicity and legal certainty. The “file first, disclose later” paradigm is also preserved.

39. The grace period is an exception to the absolute novelty requirement, whereby prior disclosures by an applicant are removed from prior art if they occur within a specified window. This provides a greater degree of flexibility for innovators and a protection of those less knowledgeable about the patent system.

40. The way the grace period is implemented varies across the world. Some countries have strict statement requirements in order for applicants to invoke the grace period. Systems like these are established to strike a balance between the interests of applicants and third parties, add transparency to the process and provide for increased examination efficiency, with a positive effect on both pendency and overall costs for the system and for applicants. In the alternative or in addition to, robust prior user rights may be provided in order to deter use of the grace period and to balance the interests of the applicant and third parties without resorting to a statement.

41. Other systems with more flexible or no requirements at all instead are more focused on lessening the burden on applicants and ensuring the protection of those less knowledgeable about the patent system.

42. Users and delegations from countries which have a grace period report that all is well and it does not destabilise the patent system. However, it does not necessarily hold that the effects and rates of use seen in countries that already have a grace period would be maintained if an international grace period were to be adopted. The absence of a grace period in Europe and China means that many innovators in other countries do not use the grace period even if it is available to them, because they want to be able to obtain protection in Europe and China. Global players play according to the rules of the most restrictive jurisdiction, which is currently the EPC. In most countries having a grace period, applicants are warned by patent attorneys (and sometimes, by national examination guidelines) not to engage in pre-filing disclosures (PFDs) prior to filing, as this may preclude protection in countries without a grace period.

43. This raises the question: what would be the effect of an internationally harmonised grace period, removing the braking effect of the absolute novelty requirement under the EPC? Would applicants continue to adopt a cautious approach to disclosing their inventions before filing? Or would the availability of a grace period everywhere in the world lead to a significant increase in such disclosures? With the potential for numerous and frequent re-disclosures in the

internet age, how would such an increase impact legal certainty, confidence in patent office search reports and/or freedom-to-operate (FTO) opinions?

44. For this reason, some argue that to preserve the “file first, disclose later” paradigm, harmonised corrective measures within national systems are needed to prevent significantly increased PFDs under a globally harmonised grace period. These measures would aim to balance the interests of applicants and third parties and may include creating a disincentive to PFDs.

45. A mandatory statement and robust prior user rights (PURs) are examples of such disincentives. The statement requirement results in an improvement in legal certainty for third parties where a grace period is used but places a burden on the applicant. PURs also improve legal certainty by protecting the investments of third parties and thus place the risks of a PFD on the applicant. This burden or risk can be viewed as a counterpart to the benefit to an applicant that needs to rely on the grace period.

46. Whilst there is agreement on many features of the grace period pertaining to the benefits it should give applicants, possible balancing features intended to preserve the interests of third parties or those of the general public remain much more controversial.

47. Another important factor in harmonising the grace period is its duration. There are two issues within this, the duration of the grace period window, and that of the reference date from which the grace period should be calculated. These duration issues shall be considered first, followed by the conditions of accrual (such as the statement).

4.2 Duration of the grace period

4.2.1 Introduction

48. Around the world, grace periods have a duration of either 6 or 12 months. A 12-month grace period is the norm for B+ members that offer a full grace period, i.e. one that is generally applicable to a PFD made for any reason. Under the EPC, a 6-month exception is permitted for PFDs resulting from an evident abuse or if it was made at an officially recognised international exhibition. This is a narrow and limited exception, so Europe is typically viewed as not offering a grace period for patents.

49. Australia, Canada, Japan, South Korea, and the USA all have provisions for a 12-month grace period in their national law. These national provisions could not be easily changed, since in addition, all of these countries have existing international

obligations mandating a 12-month grace period anchored within Free Trade Agreements (FTAs).

50. Japan (JP) and South Korea (KR) originally had 6-month grace periods. However, in 2012, KR moved to a 12-month duration in the wake of the Korea-US FTA (see Art.18.8.7). In JP, the grace period was extended to 12 months from 6 months in 2018. The updated grace period in national law in JP complies with Art. 18.38 of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which is in force currently in 11 member states, including Australia, Canada and New Zealand. In addition, the 12-month duration is enshrined in many bilateral and plurilateral FTAs. Thus, internationally, the trend is towards a 12-month grace period, and a web of FTAs mandate this duration.

51. On a balanced view, it should be noted that China has a rather less expansive 6-month grace period, and the Regional Comprehensive Economic Partnership (RCEP) (Art. 11.42), to which it is a party, does not specify a duration.

4.2.2 6 months

52. The main argument presented in favour of a 6-month duration is that it reduces the period of uncertainty during which businesses are unaware whether a relevant patent application could exist. Without a grace period, this period of uncertainty is 18-months (a global standard publication window for patent applications).

53. Where a grace period is available to patent applicants, with either a 6 or 12-month duration, the period of uncertainty will extend from the date of the first PFD to the publication of the application claiming the grace period for that disclosure at 18 months from the filing or priority date, i.e. up to 24 months for a 6-month grace period or 30 months for a 12-month grace period.

54. Those favouring a 6-month grace period argue it is generally sufficient to provide a "safety net", allowing inventors enough time to allow for a carefully prepared patent application to be filed. The situations contemplated to be remedied by a "safety-net" grace period are: accidental disclosures, inadvertent disclosures by unsophisticated applicants, academic disclosures, disclosures at trade shows or to regulatory authorities, or to obtain financing, as well as experimental use for inventions which cannot be tested usefully outside the public’s view.

55. A 6-month grace period also reduces the risk of intervening disclosures by third parties for the applicant.

56. A 6-month grace period forces early filing after a PFD, thus limiting the legal uncertainty for third parties. Given that the benefits of relatively few applicants are being balanced with the legal certainty for all stakeholders in the patent system, some European stakeholders have argued in the past that this 6-month duration is an appropriate compromise.

4.2.3 12 months

57. Those in favour of a 12-month grace period counter that a longer duration is better adapted to the needs of companies carrying out field trials for pharmaceuticals or agricultural chemicals. It has also been argued that where a disclosure has occurred, 12 months are essential for a large company to be able to get its affairs in order and elaborate a global IP strategy prior to filing.

58. Since JP and KR have experience with both durations, it can be instructive to look at the data on use of the grace period in those countries. In both JP and KR, there was an increase in the use of the grace period once it was extended to 12 months.[8] However, the overall use of the grace period remains low, of the order of 2-3% of applications filed in Korea, and around 1% of applications filed in Japan.[9] As these are the only countries with mandatory statement requirements, they are also the only countries for which solid data exists regarding the use of the grace period.

59. These numbers are also kept in check by the fact that neither Europe, under the EPC, nor China – the two largest markets in the world – operate under full-fledged grace periods. As discussed above, use could increase quite substantially absent additional disincentives under an internationally harmonised grace period.

60. It should be mentioned that both AIPPI[10] and FICPI[11] endorse a 12-month duration for the grace period.

4.2.4 Stakeholder positions

61. In the past, a majority of European stakeholders expressed a preference for a 6-month grace period, e.g. in the Tegernsee Survey in 2013[12], 57% of respondents preferred a 6-month duration, with only 24% of European respondents finding a 12-month duration appropriate. A year later, in the European Science and Advisory Board (ESAB) study, 65% of European users favoured a 6-month duration. Not coincidentally, it also formed part of the definition of a "safety net" grace period put

[8] See the EPO study: "The European patent system and the grace period – An impact analysis", June 2022 pp. 29 and 31 - EPO Study on the Grace Period
[9] p8-10 b+sub-group_non-prejudicial_disclosures_grace_period_en.pdf (epo.org)
[10] See p. 4 in AIPPI Resolution of 10 September 2013 on grace period
[11] See p.2 and 8, and Annex 1, p.6,7 and 9 in FICPI Position Paper on Harmonisation
[12] See Study mandated by the Tegernsee Heads: grace period (epo.org)

forward by the users at the Hearing for European users held in March 2013. In 2014, the ESAB issued a recommendation that should Europe adopt a grace period, it should have a maximum duration of 6 months.

62. However, in Europe, in the last decade, the situation has evolved. At the European Symposium on SPLH held in 2023, 61% of respondent associations agreed that 12 months would be an acceptable duration for the grace period, some with reservations. Only 22% of respondent associations expressed a preference for a 6-month period in the survey itself. 17% of associations did not respond to the multiple-choice question, including BusinessEurope.

63. This apparent progress is subject to a few caveats. Two associations, including the The Institute of Professional Representatives before the European Patent Office (*epi),* would only be able to accept a 12-month duration if the grace period was calculated from the filing date only. For two national user associations, acceptance of a 12-month duration is contingent on the introduction of accelerated publication of applications. Thus, only 43% of respondent user associations in Europe would support a 12-month grace period in principle, without any conditions. However, that number remains almost double the number of user associations in the Symposium questionnaire supporting a 6-month grace period (22%).

64. Since then, however, BusinessEurope has indicated that it has reached a consensus position that the grace period should have a 6-month duration, calculated from the filing or priority date, with accelerated publication of applications at 18 months from the earliest PFD. However, some of its member associations believe that a 12-month grace period would be better accepted internationally.

65. In Australia, the four key stakeholder associations were consulted in 2022 on the IT3 package on SPLH[13]. All stakeholders that responded supported a 12-month grace period.

66. During the consultation of the Canadian stakeholders in 2022[14], the majority (85.4 %, or 35 of 41) of respondents supported a 12-month grace period. The same trend was seen in the reaction of the Canadian industry to the IT3 position in 2017.[15]

67. At the B+ Sub-Group/Industry Symposium held in Munich in June 2017[16], the Korean users supported a 12-month grace period without specifying their preference in terms of the reference date of the grace period.

[13] See p2 in Consultation on SPLH 2022 - Report of Australia
[14] See p3 in Consultation on SPLH 2022- Report of Canada
[15] See slide 4 in Presentation Canadian industry reaction 26.07.2017 (epo.org)
[16] See slide 9 in Presentation KINPA reactions (epo.org)

68. Japanese respondents did not comment specifically on the issue of the duration of the grace period during the consultation in 2022.[17]

4.2.4.1 Questionnaire results

69. Since the trend appears to be towards a 12-month grace period, this issue was not addressed by the questionnaire, however, many users did express a preference towards a 12-month grace period in their written comments and in the stakeholder meetings.

4.2.5 Conclusion

70. European stakeholders have diverging views regarding the duration of the grace period.[18] Nevertheless, within an international harmonisation context, it appears likely that an international harmonised norm will be based on a 12-month duration. Multinational businesses in the UK and US may accept a 12-month grace period.[19] Non-European stakeholders from Australia[20] and Canada[21] preferred a 12-month grace period. Japanese stakeholders[22] were silent on this aspect of the grace period.

71. The Europe Economics´ study analysing the economic impact of the potential introduction of the grace period in Europe, commissioned by the Economic and Scientific Advisory Board of the EPO in 2014[23], showed that universities and public research organisations in the US, Japan and Europe were strongly in favour of a 12-month grace period, compared to large companies and SMEs, which preferred the 6-month duration. In 2022, another study on the grace period for universities, SMEs and start-ups from Australia, Canada, Denmark, Estonia, Finland, France, Germany, Japan, Sweden, the UK and US showed their preference for the 12-month grace period.[24]

72. The duration of the grace period should be considered with regard to its link with the reference date, addressed below.

4.3 Date as of which the grace period is calculated

[17] See Consultation on SPLH 2022 - Report of Japan
[18] See European Common Consultation on SPLH 2022 - Part I Consolidated Report
[19] See p5, p33 of the US & UK Study on Grace Period: https://assets.publishing.service.gov.uk/media/5a81b490e5274a2e87dbf125/Patent-Grace-Periods.pdf
[20] See p2 in Consultation on SPLH 2022 - Report of Australia
[21] See p3 in Consultation on SPLH 2022- Report of Canada
[22] See Consultation on SPLH 2022 - Report of Japan
[23] See p9, p10 in ESAB Study on the Grace Period
[24] See p13-14 in JPO Study on the Grace Period

73. The reference date as of which the grace period is calculated is a difficult issue, as illustrated by the fact that it is the only element of the grace period on which FICPI was unable to reach an internal consensus upon issuing their comprehensive position on harmonisation in 2018.

4.3.1 Link between duration and "reference date"

74. Throughout discussions on the grace period in Europe in the past two decades, the issue of the duration of the grace period has been repeatedly linked to the reference date as of which it is calculated. Some stakeholders, including the *epi*, take the view that if the duration of the grace period is 12 months, it should run from the filing date only. If it is 6 months, it could be calculated from the filing or priority date (this latter option reflects the current position of BusinessEurope).

75. It is emphasised that, with the exception of the US, all Group B+ non-European countries which operate a 12-month grace period, i.e. Australia, Canada, Japan[25], Korea[26] and New Zealand,[27] calculate it from the filing date only.

4.3.2 Calculating the grace period from the filing or priority date

76. If the grace period is calculated from the earlier of the filing date or priority date, the grace period and priority period can be cumulated, giving applicants the full benefit of both periods. This means that if the applicant makes a PFD and waits until the end of the grace period to file their first application, they can file follow-on applications up to 24 months after their first PFD (if the grace period is 12 months), and up to 18 months from the first PFD (if the grace period is 6 months). This, of course, is the more generous option for applicants making use of the grace period. However, these advantages come with certain risks.

77. In its position paper on harmonisation, FICPI points out that calculating the grace period from the priority date increases the consequences of an incorrect priority claim. If subsequent applications are filed including new features or combinations of features not included in the priority application, these new features will not

[25] Except when an application validly claims internal priority and the "proving document" has been submitted in the priority application, in which case the grace period is calculated from the priority date (filing date of the priority application). JPO Examination Guidelines, Part III Chapter 2 Section 5, 4.3.1 https://www.jpo.go.jp/e/system/laws/rule/guideline/patent/tukujitu_kijun/document/index/03_0205_e.pdf

[26] The grace period is calculated from the filing date, where a patent application claiming a priority right under the Treaty is filed [Articles 30(1) and 54]. However, in case of a patent application that claims a domestic priority right, the grace period of the subsequent application is calculated from the priority date, where an earlier application has applied for the grace period within 12 months from the date when a disclosure, etc. are made [Articles 30(1) and 55] (Subparagraph 4.3, Paragraph 4, Chapter 3, Part V, Examination Guidelines)

[27] New Zealand's situation is complex, with two durations depending on the nature of the disclosure. But regardless of the duration, the grace period is calculated from the filing date of the application.

benefit from the grace period. Consequently, the application may well be found to be non-inventive over the PFD and the content of the priority application.

78. FICPI also emphasises that the lack of international harmonisation relative to the claiming of priority may make it challenging to formulate claims entitled to priority, and thus grace period protection, in all jurisdictions.

79. Finally, FICPI points out that a grace period calculated from the priority date will have the effect of deferring the final expiry date of the subsequently granted patent, as it allows the delaying of a first filing for the duration of the grace period, in addition to the priority year.

80. In the US the grace period runs from the “effective filing date”, meaning the filing or priority date, as do the national grace period provisions of China, San Marino and Turkey. However, at the moment, this approach seems to be taken by a minority of countries.

4.3.3 Calculating the grace period from the filing date only

81. If an international grace period is calculated from the filing date only, the grace period runs concurrently with the priority period. Thus, if an applicant makes a PFD and invokes the grace period, all applications must be filed before the end of the grace period, forcing the applicant to choose between invoking the grace period or benefitting from the full duration and advantages of the priority period.

82. One benefit of this rule is that if there is an invalid priority claim, any disclosure by the applicant during the priority period will be caught by the grace period, which will thus save the subsequent application.

83. As all applications must be filed within the grace period duration, with a 12-month grace period, the date of the PFD ends up being roughly equivalent to the date on which the first application would have been filed were no grace period available. Consequently, applications claiming priority from that first application are filed at around the same time as they would have been had the first application been filed at the same time as the PFD, resulting in no extension of the patent monopoly for those invoking the benefit of the grace period.

84. As mentioned, under Art. 55(1) EPC, the 6-month period for disclosures to be non-prejudicial is computed from the filing date of the European patent application, as

are the national grace periods in Australia, Canada, Estonia, Japan[28], Korea[29], and New Zealand, so that this appears to be currently the most prevalent rule.

85. FTA generic clauses on the grace period contained in bilateral FTAs with the US as well as the CPTPP provide a 12-month grace period calculated from the filing date only. However, this is to be construed as a minimum requirement: a more generous provision for applicants, calculating the grace period from the filing or priority date, is considered compliant with this clause.

86. Under both approaches, whether the grace period is calculated from the filing date only, or the filing or priority date, all applications, i.e. the first and all subsequent ones claiming priority, will be published at 18 months from date of the first application filed, absent a rule stating otherwise.

4.3.4 Stakeholder positions

87. According to the feedback received during the European Symposium on SPLH in 2023, 61% of respondent user associations in Europe agree that the grace period should be calculated from the filing or priority date. This allows the priority period to continue to function as a period of unencumbered strategy building for applicants, even though it also potentially considerably lengthens the period of legal uncertainty for third parties. This is also the position of the AIPPI, and was the position taken in the IT3 Elements Paper, denoting the positions of AIPLA, IPO, BusinessEurope and JIPA on this point.

88. At the European Symposium, only 26% of respondent user associations opined that the grace period should be calculated from the filing date only. However, it must be borne in mind that the *epi*'s acceptance of a 12-month duration for the grace period is contingent on the reference date being the filing date only.

89. In Australia, four key stakeholders were consulted in 2022 on the IT3 package on SPLH.[30] Some support was expressed for calculating the grace period from the filing date, not the priority date. Australian and New Zealand users share this

[28] Except when an application validly claims internal priority and the "proving document" has been submitted in the priority application, in which case the grace period is calculated from the priority date (filing date of the priority application). JPO Examination Guidelines, Part III Chapter 2 Section 5, 4.3.1 https://www.jpo.go.jp/e/system/laws/rule/guideline/patent/tukujitu_kijun/document/index/03_0205_e.pdf

[29] The grace period is calculated from the filing date, where a patent application claiming a priority right under the Treaty is filed [Articles 30(1) and 54]. However, in case of a patent application that claims a domestic priority right, the grace period of the subsequent application is calculated from the priority date, where an earlier application has applied for the grace period within 12 months from the date when a disclosure, etc. are made [Articles 30(1) and 55] (Subparagraph 4.3, Paragraph 4, Chapter 3, Part V, Examination Guidelines)

[30] See p2 in Consultation on SPLH 2022 - Report of Australia

position as reported by the Australian users at the Industry Symposium in Munich in 2017.[31]

90. Canadian stakeholders under the consultation in 2022[32] expressed a slight preference for a grace period keyed to the priority date over filing date, noting the differences between the Canadian and US patent systems.

91. Japanese stakeholders did not comment specifically on the issue of the reference date of the grace period during the consultation in 2022.[33]

4.3.4.1 Questionnaire results

92. In the questionnaire, over 60% were in favour of using the filing or priority date as the date from which the grace period should be calculated, with a majority for this option expressed across all regions. Therefore, it appears that there is a prevailing view emerging towards filing or priority date, over filing date only. However, as 29% of users would prefer the filing date only, and given the interaction between the duration of the grace period and the date from which it is calculated, this option should not be discounted based on these findings.

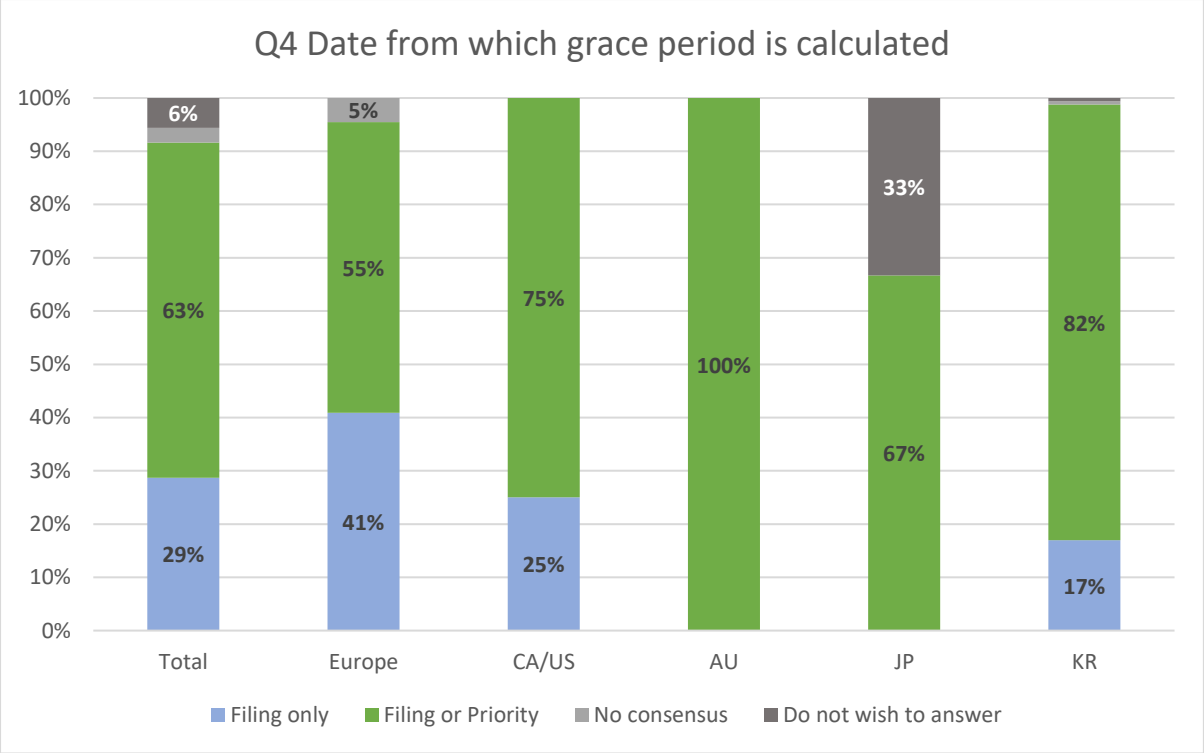

Figure 4

[31] See p2 in Summary of Position of Australian / New Zealand Users (epo.org)
[32] See p3 in Consultation on SPLH 2022- Report of Canada
[33] See Consultation on SPLH 2022 - Report of Japan

93. A comment from one US association was worth noting on this topic: 'Calculating the grace period from priority/filing is essential. At the moment, there's no flexibility here. GP calculated from the filing date would eliminate PCT applications which are of high numbers in the US.'

94. A possible flexibility expressed by one JP association should be noted, which selected 'Do not wish to answer' and stated: 'we might choose "The filing date, or, if applicable, the priority date," depending on the proposals and opinions of other countries or associations.' Another JP association noted strong support for filing/priority at the user meetings.

4.3.5 Conclusion

95. If one considers the linked issues, there are four possible alternatives:

1. A 6-month grace period calculated from the filing date only
   This option is the least attractive for European users and it was even not mentioned by the Australian, Canadian or Japanese users. Israel and the Russian Federation have a six-month grace period calculated from the filing date only.

2. A 6-month grace period calculated from the filing or priority date
   The limited grace period in China is calculated from the filing or priority date. This option was supported by BusinessEurope and *epi*.

3. A 12-month grace period calculated from the filing date only
   This option reflects the state of the law in all[34] the other Group B+ members except the US[35], as well as Singapore[36]. This option was supported by some of the Australian users.

4. A 12-month grace period calculated from the filing or priority date
   This reflects the position of AIPPI. It should also be noted that FICPI may not have a position with regard to the reference date, but they support a 12-

[34] In Korea, the grace period is calculated from the filing date, where a patent application claiming a priority right under the Treaty is filed [Articles 30(1) and 54]. However, in case of a patent application that claims a domestic priority right, the grace period of the subsequent application is calculated from the priority date, where an earlier application has applied for the grace period within 12 months from the date when a disclosure, etc. are made [Articles 30(1) and 55] (Subparagraph 4.3, Paragraph 4, Chapter 3, Part V, Examination Guidelines)

[35] See Annex II p68-69 of Comparative Analysis of the Results of the National Consultations on Users proposals on Substantive Patent Law Harmonisation here https://link.epo.org/web/law-practice/harmonisation/group_b_plus_comparative_analysis_2023

[36] Although in JP, for applications of valid internal priority where the "proving document" has been submitted in the priority application as set out in JPO Examination Guidelines, Part III Chapter 2 Section 5, 4.3.1, the grace period is then exceptionally calculated from the priority date. https://www.jpo.go.jp/e/system/laws/rule/guideline/patent/tukujitu_kijun/document/index/03_0205_e.pdf

month grace period in any event. The same model of the grace period was slightly more preferred by the Canadian users. Additionally, this reflects the law in the US and Brazil.

4.4 Statement requirement

96. A statement requirement is one of the balancing measures envisaged to increase legal certainty for third parties. It also enhances the efficiency of the patenting process but places an additional burden on the applicant. The options are: a mandatory statement, a voluntary statement or no statement.

4.4.1 Mandatory statement

97. As a means of increasing legal certainty and the efficiency of the patenting process, a statement or declaration requirement listing all the PFDs made by or for the applicant is required in certain countries, such as Japan and Korea. In those jurisdictions, the requirement is strict: if an item which should have been listed is not, then it is not graced, so that the sanction may be loss of rights.

98. The policy argument is that where applicants enjoy the benefit of the exception of the grace period, which comes at the expense of legal certainty to third parties, it is reasonable to require them to list any PFDs they have made. This alleviates that uncertainty, allowing third parties to determine whether a PFD made by the applicant, or with their consent, is graced or not.[37] In JP, it is considered that since applicants may be reasonably assumed to know what they have disclosed, the statement requirement does not impose an undue burden on applicants.[38] Some users have observed that the rapid dissemination of information made possible by the internet and the world-wide-web may amplify certain grace period issues and increase the need for a statement.[39]

99. Thus, it is proposed that since JP and KR have apparently satisfactory experiences with a tried and tested statement requirement, for the sake of simplicity, policy discussions on a mandatory statement should focus on these existing models.

100. The prime rationale for a mandatory statement is transparency and enhanced legal certainty for third parties. If a third party comes across a PFD, a mandatory declaration listing this PFD as graced gives instant certainty regarding the status of the item once the statement is published – it is not prior art. Where a declaration is filed, so that the disclosure may be assumed to be graced, access to this

[37] This section relies heavily on the Report of the Group B+ Workstream on Non-Prejudicial disclosures/Grace Period, pp. 33-43.
[38] P11 Study mandated by the Tegernsee Heads: grace period (epo.org)
[39] Report of the Group B+ Workstream on Non-Prejudicial disclosures/Grace Period, p. 34.

information allows third parties to avoid infringement. In a study released by the JPO in 2022[40], respondents were asked how they attempted to avoid infringement when using technology disclosed by others, and consulting information published by patent offices was the top method.

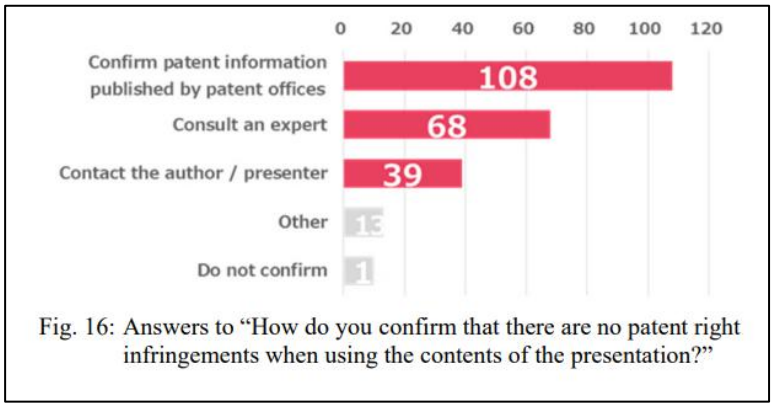

Fig. 16: Answers to "How do you confirm that there are no patent right infringements when using the contents of the presentation?"

Source: JPO Study on the Grace Period (2022), p. 12.

101. In addition, where a declaration is filed at or near the filing date, the examiner will also be able to assess immediately the status of the PFD should its origins be unknown and not discernible on its face. This will allow them to produce a more reliable search report earlier in the process.

102. For some, an additional advantage of a mandatory declaration would be to help preserve the current paradigm of filing first and disclosing later. It is suggested that if applicants are aware that they must monitor PFDs, they will be less likely to use the grace period. Larger entities may find that operating on a strict non-disclosure policy may be easier to enforce and less costly than monitoring disclosures. This, in turn, would lessen the use of the grace period and therefore reduce its impact on legal certainty. In the EPO study on the grace period of 2022, evidence suggested that, should a grace period be introduced in Europe, the presence of a mandatory declaration on the JP/KR model would reduce the proportion of applications subject to a potential use of the grace period by 40%, as compared with an unrestricted grace period.[41]

103. On the other hand, if a statement must be filed, this will create costs for applicants who must monitor and draw up the list of PFDs. In that respect, the mandatory statement introduces a cost to using the grace period. There is also a risk factor, if errors are made resulting in the grace period not applying. Some argue it may turn the grace period into a trap for the unwary, which is not in line with its purpose.[42]

[40] JPO Study on the Grace Period (2022), p.12.
[41] See EPO, The European patent system and the grace period (2022), p.68.
[42] p46 FICPI Position Paper on Harmonisation

104. Some users opposed to a statement requirement fear that the statement could be misused by applicants, and PFDs could be listed which should not be graced as they were made by third parties. However, there are no signs of this being a problem in systems currently operating under a mandatory statement requirement, such as JP or KR. Moreover, since it is agreed that the burden of proof lies on the applicant to show entitlement to invoke the grace period with regard to a particular PFD, where the status of the PFD is challenged, lack of evidence would allow the entry to be rectified.

105. Others argue that a mandatory statement presents challenges for applicants in terms of assessing what needs to be declared. Was the disclosure subject to an obligation of confidence? What is the scope of an oral disclosure? Arguably, the very same issues are faced by patent attorneys in assessing whether a disclosure forms prior art or not. The fact that the outcome of the assessment is the placing of an item on a list in a statement, rather than a finding that a patent is valid or not, does not change the nature of the analysis.

106. Robust PURs are another mechanism that some argue can increase legal certainty for third parties, by acting as a disincentive to the use of the grace period, as well as protecting the existing investments of third parties and putting the risk of PFDs on the applicant/patentee. These could be included with, or as an alternative to, a statement requirement. This latter system – robust prior user rights without a statement requirement - has been successfully adopted in AU. PURs are discussed in a later section.

4.4.1.1 Scope of the obligation

107. In JP and KR, applicants are required to list all disclosures of the invention "resulting from an act of the right holder", i.e. made by them or with their consent, or by their predecessor in title.

108. Thus, there is no requirement to list (a) re-disclosures of the invention by third parties, or, (b) disclosures made by a third party against the will of the applicant, as a result of breach of confidence or theft of information, of which the applicant may not be aware.[43] Of course, as appropriate, right holders may be required to prove that a disclosure occurred against their will, or was a re-disclosure by a third party derived from their own original disclosure.

109. Whilst these systems do not result in a statement containing complete information, for any items listed, there is clarity, which is a net gain for third parties. Moreover, if the fact of a prior disclosure by the applicant is listed, this alerts third parties that other disclosures after the date of that PFD may be re-publications. It

[43] Tegernsee Study on the Grace Period (2012), p. 11.

is argued that the information contained by such a declaration is valuable for all third parties as well as for patent offices, without putting an excessive burden on the applicant.

110. In its Elements Paper, the IT3 attempted to reduce the burden on the applicant, for instance, by restricting the obligation to those disclosures which were "known" to the applicant, not having a hard deadline for filing, or not providing loss of rights as a sanction for failure to comply. However, these features would introduce legal uncertainty and complexity, and arguably defeat the purpose of the measure. In the European Common Consultation in 2022, the feedback received from users in favour of a declaration was that if there was a mandatory statement, the scope of the obligation should be similar to that in existing systems, i.e. encompass any and all disclosures made by the applicant or their predecessor in title, or with their consent.[44] Any attempt to dilute the obligation so that there would be no need for entities to monitor their PFDs would hollow out all the intended benefits of the statement and defeat its purpose.

4.4.1.2 Timing of the filing and opportunities to correct the statement

111. JP and KR require that a statement that an applicant intends to invoke the grace period be made when filing the application, but permit supporting documents to follow later. This provision attempts to balance the burden on the applicant with the benefits for both third parties and patent offices. It also allows applicants to file quickly, if necessary, without additional complications. The easiest manner to implement this particular requirement would be to provide a box for applicants to tick on the application form. If the scope of the obligation is defined as above, would this be acceptable to users?

112. In both JP and KR, supporting documents are to be filed within 30 days of filing. However, in JP, this is a deadline with no extensions possible, whereas in KR, both the declaration of intent to use the grace period and the supporting documents may be filed or corrected until the end of the granting procedure (before the earlier date either of 3 months from the receipt of the notice of allowance (deadline for paying registration/grant fee), or the registration/grant date), subject to an additional fee.

113. There are three options as far as these time limits are concerned:

(i) A time limit with no extensions possible: as in JP, supporting documents would have to be provided within 30 days of filing (or 2 months as in China). This would lead to more reliable search results earlier in the process,

[44] European Common Consultation on SPLH 2022 – Part I Consolidated Report, pp. 23-24, 28, 42.

enhancing efficiency and minimising the cost of the granting process for both applicants and patent offices.

(ii) Subject to certain modalities, both the declaration and supporting documents could be filed in time for the documents to be published with the application, i.e. at 16 months from the filing/priority date. This reduces the advantages in terms of reliability of first office actions and reduces procedural efficiencies. Patent offices may not be able to issue a solid first communication in time for the applicant to plan their international patenting strategy. However, it is more generous towards applicants, affording them more time, and it would still provide legal certainty for third parties.

(iii) Subject to certain modalities, prior to grant: as in KR, the declaration of intent to invoke the grace period as well as the proving documents may be filed or corrected up until grant. If this is done late in the procedure, post-grant benefits for third parties would accrue, but the efficiency of the examination process would not be enhanced. It could also delay legal certainty for third parties compared with other options. On the other hand, this is the most generous towards applicants, reducing the potential consequences of errors in the statement.

114. Finally, some believe that if a statement is required, it should be possible for applicants, becoming aware of PFDs at a later date, to file a correction and add any such disclosures, arguing that in the long term, any added PFD enhances legal certainty for third parties and thus benefits the system. The issue is how to allow such exceptions without them hollowing out the fundamentally important mandatory and timely aspects of the requirement, and these characteristics appear to be mutually exclusive.

4.4.1.3 Contents of the statement / supporting documents

115. As mentioned, in JP, to invoke the grace period, the applicant must file a declaration at the time of filing or state their intention to claim the benefit of the grace period on the application. This is followed by a document proving that the requirements for the grace period to apply are satisfied, within 30 days of the filing date. These requirements are: that the application was filed within one year from the PFD, and that the invention was disclosed as a result of an act of the "right-holder(s)", who also filed the application.

116. The contents of the "proving document" are prescribed by the JPO operational guidelines relating to Art. 30 of the Japan Patent Act as follows: (i) date of publication; (ii) place/type of publication; (iii) Name of person having disclosed the invention; (iv) "Contents of the invention published", and, if necessary, relevant

information to establish the assignment of the invention or the right to obtain a patent where the applicant is a successor-in-title.

117. In KR, the mechanism is similar, in that applicants declare their intention to invoke the grace period on the application form upon filing, and file "proving documents" within 30 days (the information required is the same as in JP), in which case, there is no fee. However, both the declaration of intention to invoke the grace period and the proving documents may be filed or corrected before the earlier date of 3 months from the receipt of the notice of allowance or of the certified copy of a trial decision to revoke the decision to reject a patent application under Article 176(1) of the Korean Patent Act (deadline for paying registration/grant fee), or the registration/grant date, subject to an additional fee.

4.4.1.4 Consequences of failure to list a PFD or file a statement

118. In JP and KR, the sanction for failing to file a statement, or to list a PFD made by the applicant or with their consent which should have been included, is that the PFD in question is not graced, leading to loss of rights. Arguably, if a statement is intended to be required, the sanction must be commensurate with the consequences found throughout patent laws for mandatory provisions.

119. Proponents of this consequence argue that this sanction reinforces legal certainty, whereas opponents believe that the consequences of a mistake on the part of the applicant are harsh, especially for inexperienced applicants.

120. Naturally, failing to list PFDs falling within the categories of re-disclosures of the invention by third parties derived from the applicant's original disclosure, or those resulting from theft or breach of confidence would not entail this consequence.

121. In the past, other sanctions have been envisaged, such as administrative measures proposed by the IT3 in its Elements Paper (sliding scale of fees; prior user rights; defences for intervening users). These were held by users to be overly complex and ultimately unworkable and were not persuasive for users in Europe and Japan.[45]

122. Other sanctions have been proposed to promote compliance, such as non-enforceability of the patent until a PFD which should have been listed is notified to the patent office, reduced damages and the awarding of costs in litigation. Such sanctions might promote compliance, but less effectively than loss of rights, and would thus increase legal uncertainty for all and probably increase litigation

[45] B+ WG Comparative Analysis, p. 26.

complexity and thus costs, in addition to reducing the grace period's benefits for applicants.[46]

4.4.2 Voluntary statement

123. FICPI has instead proposed a system involving a voluntary statement, on the grounds that a mandatory statement would place an administrative burden on applicants to track their disclosures and result in additional issues to be litigated. Where a voluntary statement is filed, giving details of PFDs, there could be a presumption that a PFD thus listed is graced when assessing the novelty and inventive step of the application, until a third party proves otherwise. This operates a reversal of the burden of proof, as it is widely accepted that if the grace period is invoked regarding a particular PFD, the burden lies on the applicant to show that the PFD in question should be graced. This would create an incentive for applicants to file such a statement of their own volition.

124. FICPI illustrates how introducing such a presumption that a PFD is graced will motivate an applicant to file a voluntary statement. Where a PFD is cited as potential prior art by an Office or a third party, e.g. in connection with a third party observation or a formal opposition, the applicant not having filed a statement would have to check all the prior activities of the inventor/applicant, including dates, persons involved and all the relevant circumstances, and confirm that the inventor himself, or any successor in title, was the source of the PFD. That is difficult, and this difficulty increases once a relatively long time has elapsed, particularly if the persons involved have left the entity and may be difficult to reach. Hence, FICPI argues that applicants will have a strong incentive to make a voluntary statement if they are aware of a PFD.[47]

125. There would be other incentives: the filing of a statement would enable a more reliable first office action or search report to be issued to the applicant, and a more cost-efficient procedure for both the patent office and the applicant, without the need for the applicant to respond to a potential first objection based on the PFD.

126. The US provides an example of a voluntary declaration system. The grace period applies by operation of the law, and there is no statement requirement. Examiners may not cite a disclosure if it is apparent from the disclosure itself that it is an inventor-originated disclosure having occurred within the grace period.[48]

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[46] Report of the Group B+ Workstream on Non-Prejudicial disclosures/Grace Period, pp. 42-43; Background Document for the B+ Sub-Group/Industry Symposium (2017), p. 34.
[47] FICPI Position on Patent Law Harmonisation (Group B+), (2018), p. 8.
[48] This partly explains why the USPTO has no solid data on the frequency of use of the grace period in the US.

127. Nevertheless, the USPTO encourages applicants to file a voluntary statement identifying any grace period inventor-originated disclosures in the specification upon filing. Where it is not readily apparent from the publication that it is graced, and there is no evidence of record that the grace period exception applies, the publication will be treated as prior art. It is specified that the applicant is not required to identify such PFDs, but doing so "may expedite examination of the application and save applicants (and the Office) the costs related to an Office action and reply".[49] The rules also set forth a process by which applicants can declare entitlement to the grace period for a disclosure identified in a rejection, by filing an affidavit containing the relevant information.[50]

128. A voluntary statement opens the possibility that the benefits of a statement requirement will be reaped within the system without imposing an initial administrative burden on applicants, or the risk of loss of rights for the applicant if monitoring does not take place and a statement is not filed. It is noted that the potential risk of loss of rights may still exist if the applicant is unable to submit the evidence required to show that they are entitled to claim the benefit of the grace period for a particular PFD, e.g. if the issue arises in post-grant proceedings after a considerable amount of time has elapsed.

129. A drawback of a system of voluntary declarations is that the system presents no advantages in cases where the applicant chooses not to file a statement. Where no declaration is filed by the applicant, there is a potential loss of efficiency for patent offices, along with an increase in pendency and costs. In those particular cases, all the disadvantages of no statement requirement (discussed below) apply, with regard to lack of transparency and decreased legal certainty for third parties. Additionally, the systemic advantages associated with a mandatory statement do not arise – where a voluntary statement is not filed, it cannot be assumed that a PFD is not graced, as is the case where a statement is mandatory and none has been filed, and third parties may therefore have greater difficulty avoiding infringement.

4.4.3 No statement requirement

130. Where no declaration or formal statement is necessary to invoke the grace period, applicant burden is at its lowest. Those in favour argue that this allows applicants with less understanding or experience of the patent system to rely on the grace period without being subject to strict requirements, which, if not complied with, could result in a loss of patent rights. This allows the grace period

[49] See USPTO MPEP § 2153 Prior art exceptions under 35 USC 102(b)(1) to 35 USC 102(a)(1), §2153.01(a); Group B+ Subgroup on Harmonization - Promoting transparent use of the grace period (2015), pp. 7-8.
[50] See 37 CFR 1.130.

to deploy its effects in such a manner as to fulfil its policy objectives to protect the unwary and inexperienced.

131. Having no formal declaration requirement also releases applicants, and in particular large corporations, from expending additional resources to monitor disclosures relative to applications filed naming the company as an inventive entity or an assignee.

132. AU, CA and the US have no mandatory statement. In these jurisdictions, issues relative to the grace period arise and are dealt with by the offices as a matter of course during examination.

133. Not having a declaration requirement can lead to some examination inefficiency. The examiner, having no notice that a prior disclosure should be graced, may issue a rejection based on that disclosure. This will lead to a response from the applicant that the disclosure is their own and should be graced, which may force the examiner to re-do part of the search and issue another office action, leading to an additional response by the applicant. In this case the examination period may be prolonged, with potentially considerable added costs for the applicant (and the office). In turn, this may make it more difficult for an office to provide applicants with a solid first office action identifying the applicable prior art. If this occurs on the first patent application, applicants may lack the information needed to map out an international patent strategy prior to the end of the priority period.

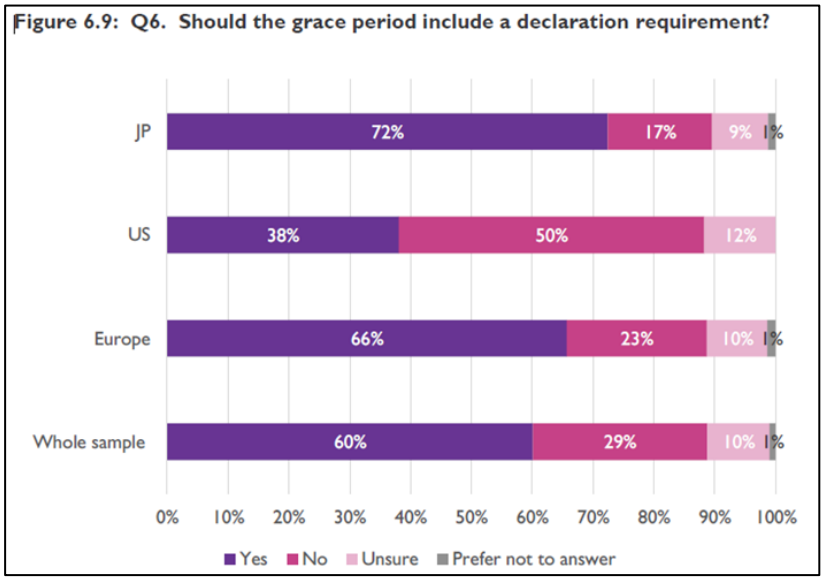
134. Legal certainty for third parties may decrease when a declaration is not required. When a third party discovers an item of potential prior art, absent a declaration, it may not be easy to determine whether or not the disclosure constitutes prior art. Determining such a disclosure’s status as prior art may require further investigation of its origin and the circumstances of it becoming publicly available, which may increase the cost of Freedom-to-Operate (FTO) opinions for third parties, as well as the cost of litigation.

135. Finally, it is generally accepted in most systems that the burden of proof lies with the applicant or patentee invoking the grace period. Applicants may still be required to show entitlement to the benefit of the grace period for a particular PFD, where the status of the item is disputed by an office or a third party. This can be done through an office rejection, a third party observation, in opposition, or in post-grant litigation sometimes years after the fact, or after the sale of a business or the assignment of a patent. Under some of these circumstances, proving entitlement to the grace period may be quite challenging.

4.4.4 Stakeholder positions

136. In 2014, stakeholders from JP, the US and Europe were surveyed in a study on the grace period commissioned by the European Scientific and Advisory Board of the EPO (ESAB), inter alia on whether the grace period should include a declaration requirement.[51]

137. Overall, a majority of users were in favour of a statement requirement, which was also true of Europe and Japan. However, in the US, this was a minority of 38%.



Source: ESAB Economic Analysis of the Grace Period, (2014), p.80.

138. This confirmed the evidence gathered during the Tegernsee survey carried out earlier in 2014, where 64% of JP respondents and 62% of Europeans were in favour of a mandatory statement requirement, whereas 71% of US respondents were against. The main reasons for opposing a mandatory statement were that it increased the burden on applicants and created the risk that procedural errors could prevent applicants from claiming the benefit of the grace period.[52]

139. Since then, however, US users involved in the IT3 exercise (AIPLA and IPO) appear to support the principle of a mandatory statement requirement.

140. Japanese users support a statement requirement filed in a timely manner to allow third parties to be aware of the applications for which the grace period will be invoked. They perceive their own system as being well-balanced, as applicants

[51] See ESAB Economic Analysis of the Grace Period, (2014) p.80. The study was carried out by the firm Europe Economics.
[52] See Tegernsee Final Consolidated Report (2014), pp. 31-32.

enjoy the benefits of the grace period, while the statement filed in a timely manner can be checked by third parties, balancing the legal uncertainty that comes with the adoption of a grace period. In the national user consultation in 2022, they supported their system "as an example of a well-functioning system."[53]

141. Likewise, in the survey of some of its members in early 2023, KINPA reported that the mandatory statement system was working well in Korea. Almost all respondents to the survey opined that the system is not an excessive burden and that while it can be a source of litigation, such litigation is rare. Noteworthy is that users in JP and KR do not appear to be using harmonisation efforts as an opportunity to shed this requirement.

142. At the European Symposium on SPLH held in 2023, European user associations were surveyed regarding the statement requirement. The vast majority of respondents, 70%, were in favour of a mandatory requirement in principle (the *epi*, one of two major supra-national associations in Europe, considered the statement requirement a "red-line" issue, meaning that they could not support the adoption of a grace period without it), with 13% in favour of a voluntary statement on the FICPI model, and another 17% either not answering or unable to achieve a consensus on this point. No association rejected the statement requirement. Thus, a majority of European users are aligned on this point with the systems in force in JP and KR. Moreover, 51% of European user associations who responded to the European Common Consultation in 2022 support the grace period only provided it is defined as a "safety net"[54], and 74% of respondent European user associations at the Symposium in 2023 clarified that they considered that a statement requirement was a component of the definition of a "safety net" grace period.

143. During the European common consultation in 2022, European users favoured the IT3 Elements Paper over the AIPPI and FICPI proposals, despite ample criticism of its complexity and the unworkability of some of its parts. This was largely because it was the only proposal offering a statement requirement. However, most respondents who commented on this feature criticised that the IT3 proposal did not require all PFDs made by the applicant or with their consent to be listed, nor did it provide a hard time limit for filing such a statement, showing that the strict features of the JP approach appeared to be palatable to those European users. Ultimately, a mandatory statement requirement may be necessary to convince European stakeholders to move to a grace period, but the amount of flexibility amongst European users is difficult to gauge.

[53] B+ WG Comparative Analysis (2023), p. 19.; Results of the User Consultation on SPLH in Japan (2022), pp. 5-6.
[54] European Common Consultation on SPLH 2022 – Part I Consolidated Report, p. 13.

144. On the other hand, all respondent user associations in AU were aligned with the FICPI position paper on the topic of a mandatory statement. Opposition to a mandatory statement requirement was partly motivated by the views that a mandatory statement would create a burden to applicants with little benefit to third parties because third parties that become aware of a PFD are able to be aware of an application benefiting from the grace period when it is published and, additionally, "if a third party acted on the disclosure before the application was filed, they would have prior user rights, and so do not need to know which PFDs are graced". This latter argument is not applicable to those jurisdictions without a statement requirement where prior user rights are prohibited from arising where the invention is derived from the applicant. However, some support was expressed for a "voluntary statement being accepted and published within 6 months of the filing of the application". It was opined that the grace period should only be relied on when a PFD was cited as prior art during examination and that applicants should not be required to guess which disclosures were citable: this should be a decision from the relevant Office.[55]

145. The Law Council of Australia claimed that a statement requirement "sits awkwardly with the policy objectives of grace periods, particularly in the context of inadvertent PFDs", adding a layer to the process of filing for patents and operating as a barrier to such protection. It also claimed that since such statements were not conclusive, as they did not contain disclosures through illegitimate means or re-disclosures by third parties of which the applicant was not aware, it actually reduced legal certainty for third parties.[56]

146. In CA, IPIC rejected a statement requirement which it considered "imposes a burden without any corresponding benefit", on both applicants, particularly start-ups and SMEs, as well as on patent offices. It also argued that the applicant may not be able to distinguish PFDs needing to be listed from those not relevant to the application, and "may subsequently find the validity of their patent challenged simply because they failed to satisfy a complex administrative rule."[57] Finally, it stated that there was "no reason to conclude that third parties would benefit from such notice". If a grace period applied to PFDs, "in the absence of notice, a third party would already understand that disclosures by or for the applicant within the grace period are excluded from considerations of patentability."[58] However, the B+ working group notes that it is precisely when PFDs cannot be traced that statement requirements are useful for third parties.

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[55] Summary of Australian Consultations on IT3 Proposals for SPLH, p.2; B+ WG Comparative Analysis, pp. 20 and 26.
[56] Law Council of Australia, Submission to IP Australia (2022), p. 11.
[57] B+ WG Comparative Analysis, p. 20; This contention is not compelling. The test for relevance is arguably no different than the test for applicable prior art. Thus, if it were not graced, would it render the invention unpatentable?
[58] IPIC Submission to CIPO (2022), p.4.

147. AIPPI is against a mandatory statement[59], and FICPI argues in favour of a voluntary statement if a statement is to be introduced.

4.4.4.1 Questionnaire results

148. When asked about what type of statement requirement they would prefer, users demonstrated split views internationally, as shown by the data below.

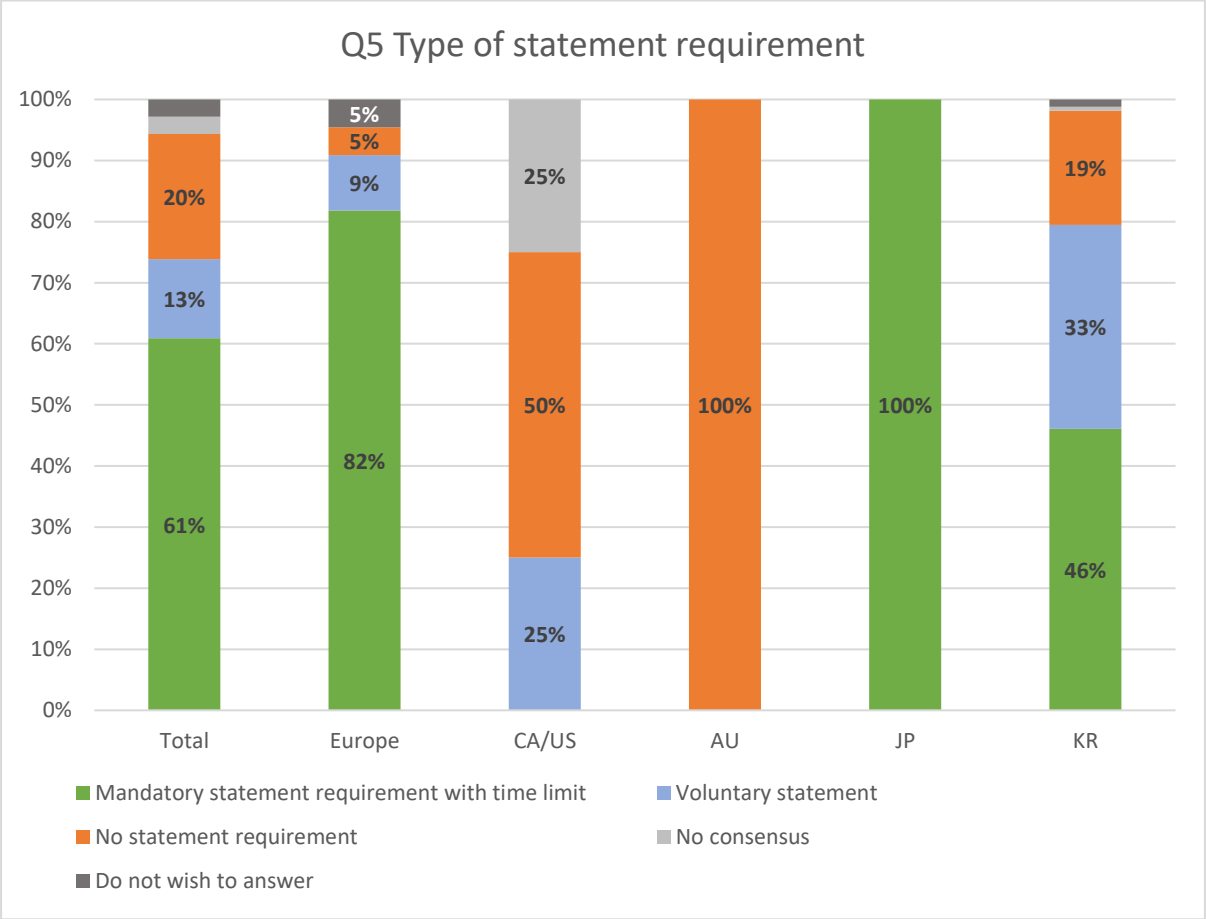

Figure 5

149. Consistent with their current system, the AU users surveyed clearly prefer no statement requirement, with one association expressing the view that: 'a statement requirement is antithetical to the policy objective of protecting unsophisticated applicants'. The JP users surveyed clearly prefer a mandatory statement with a time limit. One JP association expressed the view that a 'mandatory statement [is] essential as a benefit to third parties, [as it] strikes a balance between applicant rights and third parties.' The European users surveyed also appear to strongly prefer a mandatory statement with a time limit, with one European respondent noting that some do not want a grace period at all, but should it be adopted in Europe, a mandatory statement is very important.

[59] AIPPI Resolution Q233 on Grace Period for Patents, p. 4.

150. The view from North American respondents is more complex. Respondents surveyed from CA indicated a slight preference towards no statement requirement and surveyed US respondents were either not able to form consensus or expressed preference for a voluntary statement. One US respondent noted that their association ‘supports a grace period that permits filing of a first application within 12 months from the date of a first pre-filing public disclosure (PFD) of an invention by, for or from an applicant or inventor. The PFD would be graced in any subsequently filed application from the actual filing date or the properly claimed priority date, whichever is earlier. Given the purpose of the grace period to act as a “safety net” for applicants, particularly those who are not sophisticated with regard to IP law and practice or have limited resources, and the global reach of economies, a grace period based on filing date alone would be unduly harsh and contrary to the goal of protecting SMEs, academics and individual inventor applicants. The potential problem with an invalid priority claim may be correctable and, even if not, the problem is likely to be negligible, unless Office data demonstrates otherwise.’ Another US user noted that there is flexibility on time limits for filing a statement, but concerns are present about a mandatory statement – this to protect SMEs, universities and lone inventors. This view was echoed by a further US user who stated: ‘the entities that need GP the most are mostly likely not to have administrative capability to file a statement. So to protect the most vulnerable, a very flexible statement requirement would be needed (beyond grant). Willing to consider mandatory statement assuming it could be filed post-grant. Opt for the possibility to rectify the statement.’

151. The views from KR users surveyed appear even more mixed (perhaps unsurprising given the manner of their response – see 3.1 methodology), with all three options receiving not insignificant support, the largest of the minority views being towards a mandatory statement with a time limit. One KR association expressed the view that: ‘some KR users would welcome a less restrictive statement requirement, and may favour a voluntary statement. However, some users still believe that these statements are essential for legal certainty because, without a mandatory statement, there would be uncertainty regarding whether pre-filing disclosures could invalidate a patent. There is no strong objection to any of the options, but there is strong support for GP from KR.’ Clearly this is a topic which warrants further exploration in future.

152. Considering views on how strict time limits should be (assuming a mandatory statement), there was also an international divide.

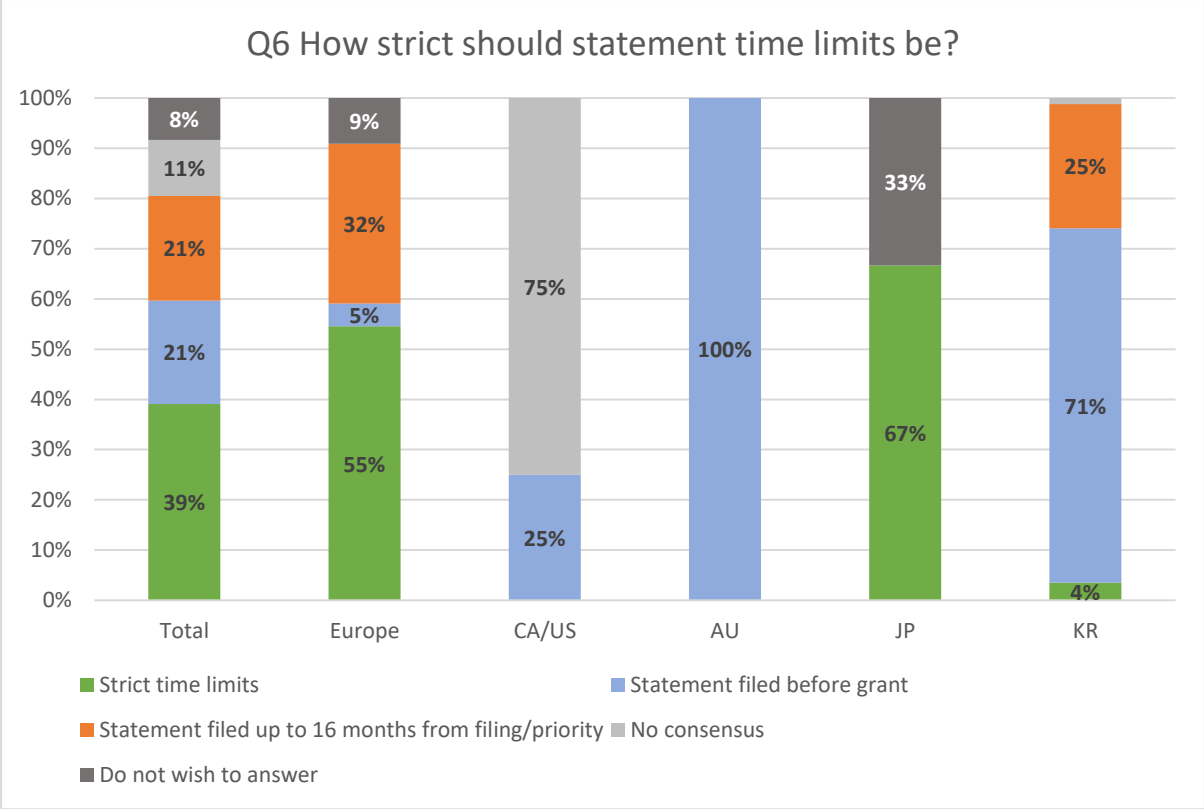

Figure 6

153. Surveyed European and JP respondents demonstrated a preference towards strict time limits. However, surveyed AU respondents clearly would prefer the most flexibility on the time limit possible. This is unsurprising given their preference for no statement requirement at all. Surveyed KR users also seem to agree on a long-time limit as their preference. Interestingly, no consensus could be provided from either of the US respondents however one representative noted in the meetings that the 'penalty for not filing in a timely manner is a great concern' considering strict time limits. Only one respondent from CA could provide a consensus view, towards the statement being filed before grant. One CA respondent opined that they would 'prefer to align to the US grace period. We would have chosen statement with option to file post-grant, if that had been an option.' However, there might be flexibility on this issue among CA/US respondents if there are a range of views present.

4.4.5 Conclusion

154. A statement requirement may enhance legal certainty for third parties, however, the fact that such statements do not list re-disclosures by third parties derived from the applicant means that the legal certainty is not comparable to that existing under an absolute novelty requirement. Nevertheless, filed early in the procedure, the statement may enhance the efficiency of the patent granting process, shorten

pendency and reduce costs for both offices and applicants by clarifying the applicable state of the art without an additional communication being required.

155. Opponents of the statement requirement argue that the sanction of loss of rights where mistakes are made by the applicant is overly strict and may result in a withholding of the benefits of the grace period from those very applicants it intends to protect, due to their lack of experience with the patent system.

156. Some argue that the voluntary statement, with additional incentives such as a reversal of the burden of proof when a PFD is thus declared, is a middle ground worthy of consideration.

4.5 Accelerated publication

157. Depending on whether the grace period is 6 or 12 months long, the time span between a first PFD and the publication of the application, and thus, the period of uncertainty for third parties as to the status of the information contained in the PFD, will last, either, up to 24 months (6-month grace period) or up to 30 months (12-month grace period). In order to reduce the length of the legal uncertainty faced by third parties, it has been proposed to accelerate the publication of the application where the benefit of the grace period has been invoked by the applicant.[60]

158. The basic concept is that where there is a PFD, and the applicant makes use of the grace period, the application subsequently filed should be published not 18 months after the filing or priority date, but at 18 months after the first PFD. A mandatory statement with a hard deadline set appropriately early in the procedure, where applicants must list all PFDs made by or for them as well as the date of their disclosure, is a prerequisite to implement accelerated publication.

159. Unlike many other options discussed in this document, which are reflected in the state of the law in some jurisdictions, accelerated publication has never been implemented anywhere before.

4.5.1 Introduce accelerated publication

160. The UK ran a consultation on the grace period in 2002, in which it concluded that the preferred grace period model featured accelerated publication, of applications claiming the grace period, at 18 months from the date of the first

[60] See B+ WG Comparative Analysis, p. 27.

PFD.[61] Accelerated publication was also discussed at the European Commission's Workshop on the Grace Period in 2002. It was stated that it should act as a disincentive to using the grace period as well as improve legal certainty for third parties. In 2014, Japanese economists believed that early publication of applications relying on the grace period would improve the design of the grace period with respect to transparency.[62]

161. The IT3's Elements Paper also proposed accelerated publication.[63] It was explained that the purpose was to reduce legal uncertainty to a time frame comparable to the current period of legal uncertainty for third parties under the EPC, between the moment at which an application is first filed and the date of publication of the application, which is 18 months.

162. Accelerated publication presupposes not only a mandatory statement requirement, but also one with a hard deadline, and it is noted that some associations who support accelerated publication also support flexibility in the time period for filing the statement. However, these features would be difficult to combine. Therefore, should accelerated publication be pursued, the impacts of this feature must be considered in combination with those of a mandatory statement requirement, likely with a hard deadline.

163. In addition, the rationale behind publication at 18 months from the filing or priority date of the application is to ensure that this only happens once the applicant has an indication of whether they may obtain meaningful protection for their invention under the application. If the search report/first office action is negative, the applicant has the possibility to withdraw their application. Thus, the invention is not disclosed to competitors without the counterpart of a patent being granted, so that in some cases, trade secret protection may remain an option. This is part of the rationale for the patent system: disclosure to the public in return for a time-limited monopoly.

164. In many jurisdictions, if the priority application has been filed at the end of a 12-month grace period along with the mandatory statement listing the first PFD, the patent office of first filing will have approximately 6 months before the publication of the application to draw up their first communication to the applicant. For some offices, this will suffice. For those unable to produce the first action within that period, the application will be published without the applicant knowing whether it has any chance of providing them with meaningful protection. Thus, accelerated publication may become a punitive measure forcing applicants to

[61] UK Patent Office, Analysis of the Responses to the UK Consultation on Grace Periods for Patents, (2002) pp. 1 and 19-20.
[62] Nagaoka and Nishimura, Use of the grace period and its impact on knowledge flow: evidence from Japan, (2014), p. 39.
[63] Industry Trilateral Elements Paper (2021), p. 17.

accept the publication of potentially valuable information which was not contained in the PFD without having all the facts at their disposal which usually inform the decision of allowing the application to proceed to publication.

165. This could act as a deterrent to using the grace period, but there is a fundamental difference between this mechanism and those of a statement requirement, the burden of proof, intervening disclosures and prior user rights, which are all related to the mechanism of the grace period itself and the disclosure which has been made. Unlike these other features, accelerated publication is an element which may suspend a fundamental balancing mechanism of the patent system. It may result in the applicant being forced to disclose otherwise secret knowledge they have created, which may not have been foreseen at the time of the PFD, and is independent of that disclosure, falling outside the mechanism of the grace period.

166. The mandatory statement is already intended to balance the interests of applicants and third parties, promoting legal certainty for the benefit of third parties and the stability of the system, through a burden being put on the applicant using the grace period. Risking the disclosure of additional proprietary information by the applicant arguably upsets this balance in favour of third parties.

167. Moreover, if publication is accelerated, the application may be published with the statement, but without the search report, particularly if the grace period duration is 12 months, and even more so if accelerated publication is paired with flexibility in the time of filing of the declaration, e.g. at 16 months from the first PFD. This is neither advantageous for the applicant nor for third parties.

168. Finally, if the grace period has a 12-month duration calculated from the filing or priority date, this means that, anomalously, subsequent applications claiming priority may be filed after the 18-month publication from the first PFD, which will fall within the priority period.

4.5.2 Keep publication at 18 months

169. Maintaining the publication date at 18 months from the priority/filing date would not have the consequences noted above in relation to accelerated publication. However, depending on whether the grace period is 6 or 12 months long, the time span between a first PFD and the publication of the application, and thus, the period of uncertainty for third parties as to the status of the information contained in the PFD, will last, either, up to 24 months (6-month grace period) or up to 30 months (12-month grace period).

4.5.3 Stakeholder positions

170. In Europe, both BusinessEurope and *epi*, the two biggest pan-European user associations, support accelerated publication of applications, as do US associations involved in the IT3 efforts.[64]

171. Within the Group B+, during the national consultations in 2022, accelerated publication of applications was rejected by users in CA[65], JP and KR.[66] In JP, users observed that the date of the PFD was a question of fact which was open to dispute, and could be challenged in court, which would decrease legal certainty.[67] In KR, all the KINPA members who responded to the consultation opposed accelerated publication. In AU, users were against a mandatory statement, a prerequisite for accelerated publication, so the latter issue was not addressed. Moreover, both AIPPI[68] and FICPI[69] oppose accelerated publication. All these users operate under and/or support a grace period system, which may explain the divergence between their views and those of European users who are being asked to shift to a grace period from a system of absolute novelty offering maximum legal certainty.

172. In addition to the opposition of some stakeholders, delegations from all regions within the Group B+, including Europe, are generally reluctant to consider such a provision, which they believe will cause some logistical difficulties for offices, and arguably does not align with existing fundamental principles of the patent system, as noted above.

4.5.3.1 Questionnaire results

173. In the questionnaire, users were asked whether they supported accelerated publication.

[64] B+ Background Document, B+ Sub-Group / Industry Symposium (2017), p. 47.
[65] See IPIC Submission to CIPO (2022), p.5.
[66] See B+ WG Comparative Analysis Report, 5. KINPA Response, Annex I, p. 65.
[67] See B+ WG Comparative Analysis Report (2023), p.21.
[68] AIPPI Resolution Q233 on Grace Period for Patents, p. 4.
[69] FICPI is opposed to a mandatory statement, which would be a pre-condition for accelerated publication. See FICPI Position on Patent Law Harmonisation (Group B+) (2018), p. 8. Since then, they have expressed specific opposition to “early publication” (FICPI Communication “Update on SPLH”, GNIPA Conference, Istanbul, 26.10.2023).

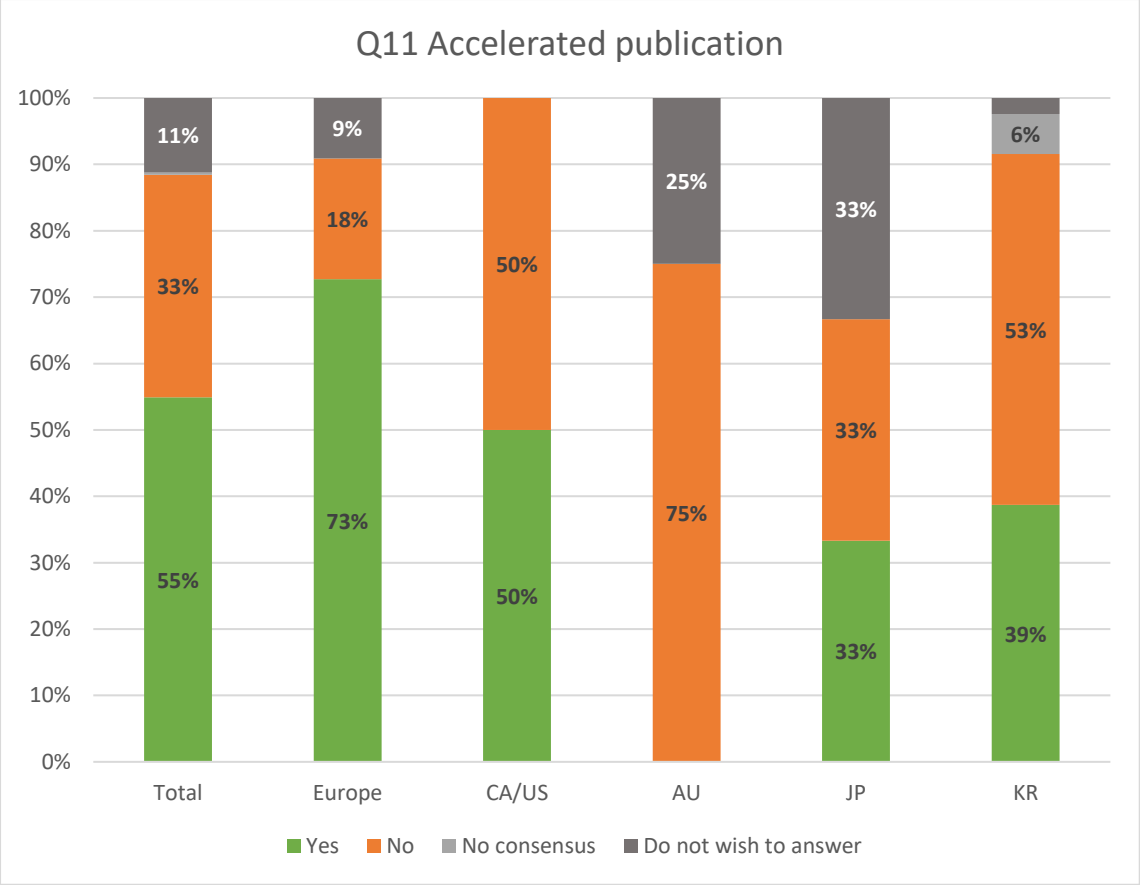

Figure 7

174. Again, there is a clear divide on this issue, within and between many regions. Surveyed respondents from Europe and the US broadly favour accelerated publication, with one European association stating that 'Accelerated publication is the most important element of the GP', whereas the respondents surveyed from AU and CA opposed it. JP and KR respondents appear more divided on the issue than other regions. It's worth noting that one KR association indicated that there is a 'Strong objection to accelerated publication but that does not mean it's a redline issue.' This is clearly an issue which will require further discussion and enquiry in the future. Interestingly, one JP respondent noted that a 'detailed analysis of accelerated publication is in progress – there are issues/questions which need to be further discussed.' In view of this, there may be more insights provided by JP associations in the future.

175. Additionally, one noteworthy comment from a European association pointed to a potential compromise solution:

> "It could possibly be a middle ground to maintain the publication of a patent application at 18 months from earliest claimed priority, while introducing an early publication of a Notice of Filing Activity. Thus, Patent Offices should, no later than 6 months from the date of filing of a patent application publish a Notice of Filing Activity containing the following:
>
> - Bibliographic data of the application, including the title of the invention and the IPC classification;

- Any priority claim; and
- Information about the existence of a Pre-Filing Disclosure (PFD) and the date of the PFD when such information is available. Such information is available when a voluntary statement has been filed."

If stakeholders and delegations within the Group B+ continue to struggle to find common ground on this issue, perhaps this proposal could be explored.

4.5.4 Conclusion

176. While there appears to be widespread opposition to accelerated publication, some support remains. It would be helpful for user input to be gathered on the specific issue of accelerated publication to progress, and hopefully settle, the discussion. This would allow more time in future for discussions on the remaining elements to be pursued with greater clarity.

4.6 GP interaction with Prior User Rights

177. Within the context of the grace period, prior user rights may also allow the benefits of the grace period for the applicant to be balanced with protections for third parties. They have also been argued to act as a deterrent to PFDs, reducing the use of the grace period and to enhance legal certainty.

178. In the Objectives and Principles paper issued by the B+ Sub-Group in 2015, it was agreed that any system with a grace period should provide a high level of legal certainty for applicants and third parties as well as encourage early filing.[70] However, the issue of whether prior user rights should arise, where use of the invention in good faith by a third party is based on information derived from a PFD made by the applicant during the grace period, was highlighted as remaining unresolved.[71]

179. Whether third parties may obtain prior user rights, after legitimately deriving knowledge of the invention from the applicant, constitutes a crucial intersection between the grace period and the rights of third parties, and is one of the most challenging issues within the SPLH process. Some argue that robust PURs can provide an alternative mechanism for increasing legal certainty for third parties where a grace period is invoked by first filers. The mechanisms whereby PURs provide counter balancing benefits for third parties are discussed in more detail below in the section on Prior User Rights.

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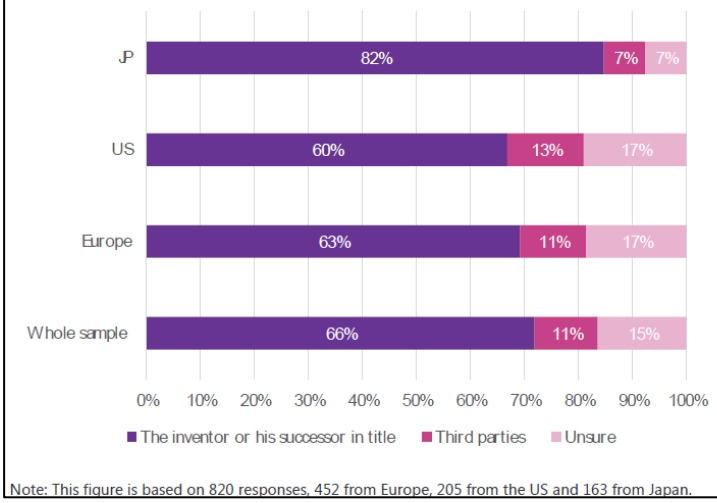
[70] B+ Sub-Group Chair, Objectives and Principles, With Commentary on Potential Outcomes (2015), p. 2.
[71] Ibid, p.3.

4.6.1 Stakeholder positions

180. In 2014, the ESAB Economic Analysis of the grace period asked survey respondents, emanating from Europe, JP and the US, who should bear the risks associated with a PFD. 66% of respondents opined that these risks should be borne by the inventor or their successor in title, and only 11% responded that it should be third parties, with 23% unsure, preferring not to answer, or not answering.[72]

Figure 6.19: Q12. Who should bear the risks associated with a pre-filing disclosure? Responses presented by region of origin



Note: This figure is based on 820 responses, 452 from Europe, 205 from the US and 163 from Japan.

Source: ESAB Economic Analysis of the Grace Period, (2014), p. 95.

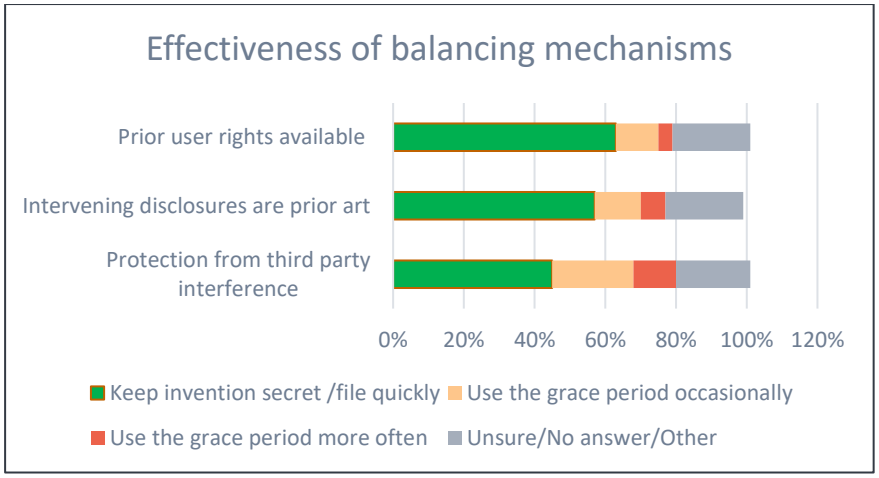
181. Another two specific statements were "Prior user rights are an essential component of a grace period. They contribute to enhancing legal certainty by discouraging PFDs where such disclosures may be avoided" and "Prior user rights are irrelevant to the definition of the grace period". These were intentionally written as two diametrically opposed positions so that a respondent taking a definite position agreeing on one question would be expected to take a definite position disagreeing on the second. Here the results were inconsistent, with similar rather than reversed patterns of responses for both questions, suggesting a surprising lack of understanding amongst users of the relationship between the grace period and prior user rights. For instance, overall 45% agreed that prior user rights were an essential component of a grace period, with 21% disagreeing and 34% being unsure, preferring not to respond or not responding.[73] However,

[72] ESAB Economic Analysis of the Grace Period, (2014), p. 95. It will be recalled that the same question in the Tegernsee Survey administered by the EPO to European stakeholders earlier that year was responded to in the affirmative by 88% of respondents. See supra.

[73] ESAB, Economic Analysis of the Grace Period, (2014), p. 84.

49% of the same sample agreed that “prior user rights are irrelevant to the definition of the grace period”, with 28% disagreeing and 23% being unsure, preferring not to answer or not answering the questions.[74]

182. Independently of stakeholder’s views on the policy aspects of prior user rights in a grace period context, during the ESAB Economic Analysis of the Grace Period survey in 2014, the impact of grace period design on projected applicant behaviour was tested. Balancing mechanisms such as intervening disclosures by independent third parties being novelty-destroying and prior user rights being available for third parties were compared with a scenario in which applicants would have protection from such interference by third parties (i.e. intervening disclosures by third parties are graced and prior user rights cannot accrue).[75] The outcomes were clear: should prior user rights be available during the grace period, 63% of respondents would file quickly and keep the invention secret, and 16% would use the grace period either occasionally or more often. In contrast, should applicants be protected from prior user rights arising, only 45% would file quickly and keep the invention secret, and 35% would use the grace period either occasionally or more often. Thus, prior user rights would appear to have a notable disincentive effect on PFDs.

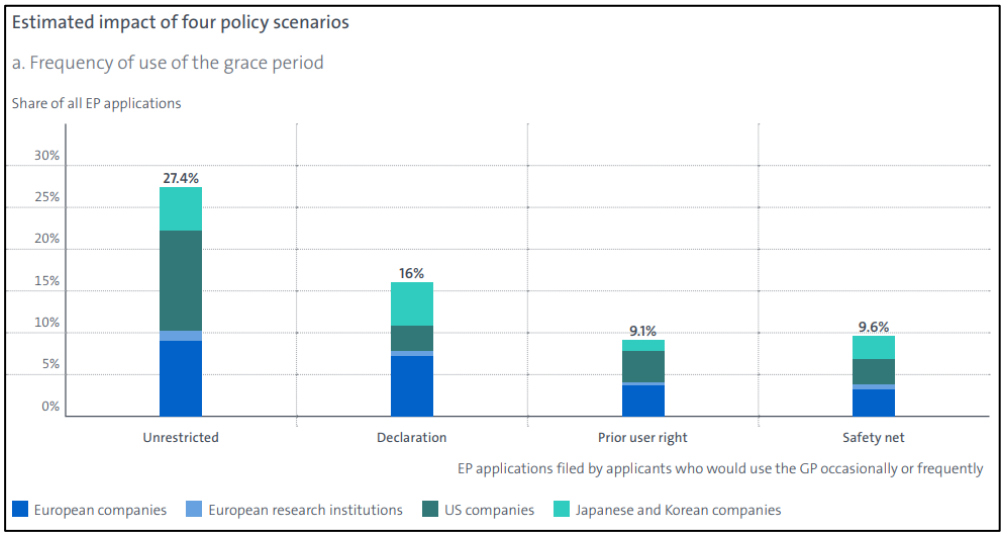


Source of the data: ESAB Economic Analysis of the Grace Period (2014), pp. 118-120.

183. During the EPO study on the grace period in 2022, the estimated impact of the grace period design on the potential use of the grace period was also investigated, with four scenarios being spelled out: an unrestricted grace period (modelled on the US system: intervening disclosures by third parties are graced,

[74] ESAB, Economic Analysis of the Grace Period, (2014), p. 85.
[75] ESAB, Economic Analysis of the Grace Period, (2014), pp. 118-120. (820 respondents, 205 from US; 163 from JP, 452 from Europe, including large companies (50%), SMEs (32%) and Universities/PROs (17%).

no declaration requirement, prior user rights cannot accrue during the grace period); a grace period with a declaration requirement; a grace period with robust prior user rights, including where knowledge of the invention has been derived from a PFD (modelled on the Australian system); and a so-called “safety net” grace period with both a declaration requirement and prior user rights. The model providing prior user rights resulted in the projected lowest frequency of use of the grace period, showing that in addition to balancing the interests of applicants and third parties, they create an effective disincentive to PFDs.[76]



Source: EPO, The European patent system and the grace period (2022), p. 67.

4.6.1.1 Questionnaire results

184. The questionnaire asked questions both about the grace period and about prior user rights. It was noteworthy that one European respondent expressed the view that the ‘grace period and prior user rights are intermingled and have to be assessed together. Prior user rights are an important counterbalance to the grace period.’ This is why some questions delved into the interplay between the two.

[76] EPO, The European patent system and the grace period, (2022), pp. 62 and 67. Although it must be pointed out that there was a slight inconsistency as one would expect the safety net grace period – which also would provide prior user rights – to result in a frequency of use equal to or lower than that of prior user rights alone. This suggests, once again, that these issues are complex and at times may not be completely understood by stakeholders.

4.6.2 Conclusion

185. The more the system is geared towards providing robust prior user rights, the more the use of the grace period is likely to be reduced. Whether this is desirable hinges on the impacts and effects of the particular features of the grace period and prior user rights themselves, which are discussed in detail in their relevant sections.

4.7 Preferred Grace Period safeguards

186. Users were asked about their preferred grace period safeguards. This question included options relating to whether a statement should be required or not, alongside the option for (or against) robust prior user rights. The data is shown below.

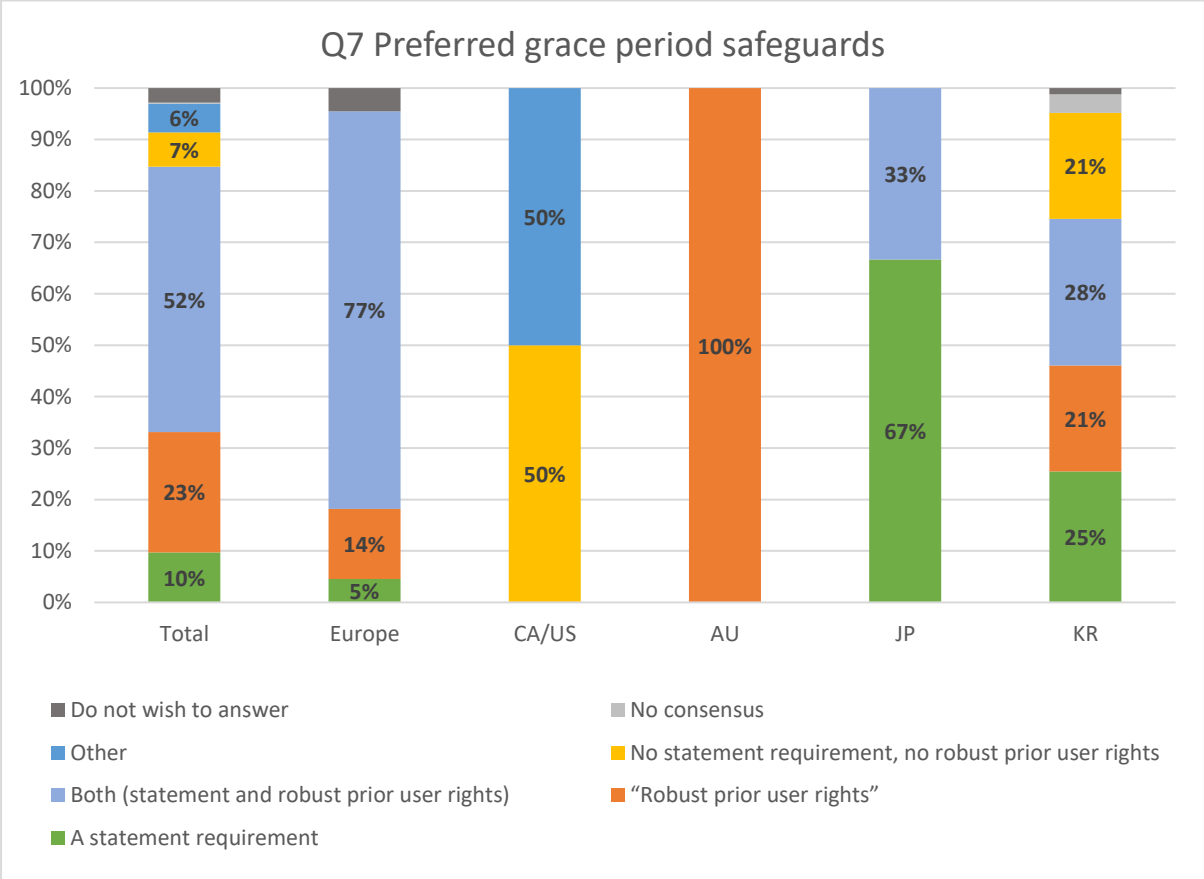


Figure 8

187. The outcome from this question is very mixed regionally and internationally. There appears to be a clear preference in Europe for both a statement requirement and robust prior user rights. The CA respondents surveyed preferred neither. AU respondents surveyed unanimously preferred robust prior user rights

on their own. JP respondents surveyed appear to prefer a statement requirement alone. The picture from KR respondents is more mixed with similar support for all four options, due to their manner of responding, but with a slight preference for both a statement requirement and prior user rights. The two US responses preferred something ‘other’ than the options presented. One commented that their preference was for 'a voluntary statement and robust prior user rights’ (without exception for derived activity). The response noted that robust prior user rights would also be sufficient without a statement, but a voluntary or a mandatory statement without robust prior user rights would not. In contrast, the other response commented that they ‘would consider safeguards which could include a Statement requirement (with appropriate opportunities to cure unintentional errors during the life of the patent), accelerated publication, and prior user rights (excluding derived PUR).’ Thus, AU, CA and JP respondents preferred their own systems, whereas KR respondents showed some remarkable flexibilities, as well as one US respondent, accepting robust prior user rights.

188. Broadly, the preferences expressed are in line with what was previously known about user preferences. For this reason, the WG included a further question (Q8) asking each user group to rank, in order of preference, the concepts which would be acceptable, assuming their first preference was not a feasible outcome in an international negotiation. For the following graphs, the first preference (Q7) was also included to show the proportion of users in each region which would find each concept to be acceptable.

Statement only

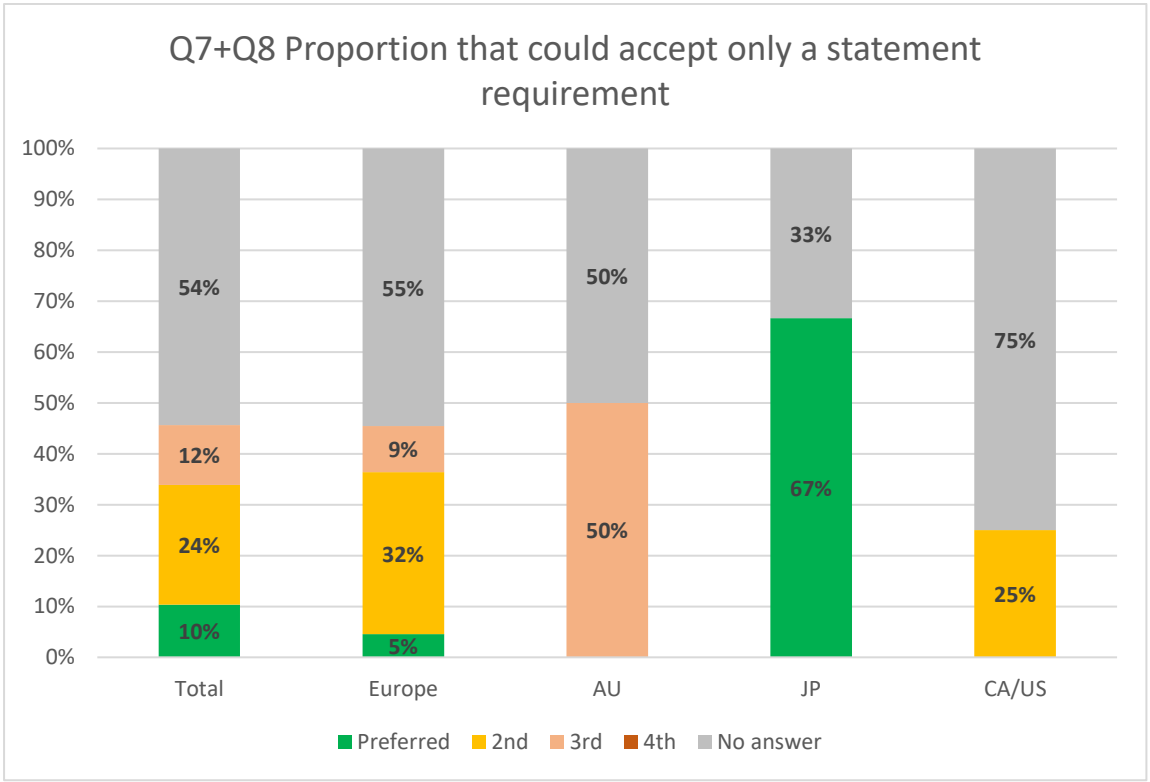


Figure 9

189. Roughly half of users overall found a statement requirement alone to be an acceptable outcome. The result for CA/US is influenced by the two US respondents who selected 'other' for their first preference but who would prefer a statement requirement assuming it was voluntary, or which had appropriate safeguards for the applicant. Roughly 25% of surveyed KR users preferred this option, which was surprising, as it reflects the current state of the law in their jurisdiction, and both "robust prior user rights" only and a combination of both a statement and robust prior user rights were ranked higher than a statement alone as preferred safeguards by one KR organisation. Also, within both KR organisations, a statement alone was the highest ranked second preference, with figures exceeding the support it received as a first preference.

Statement and robust prior user rights

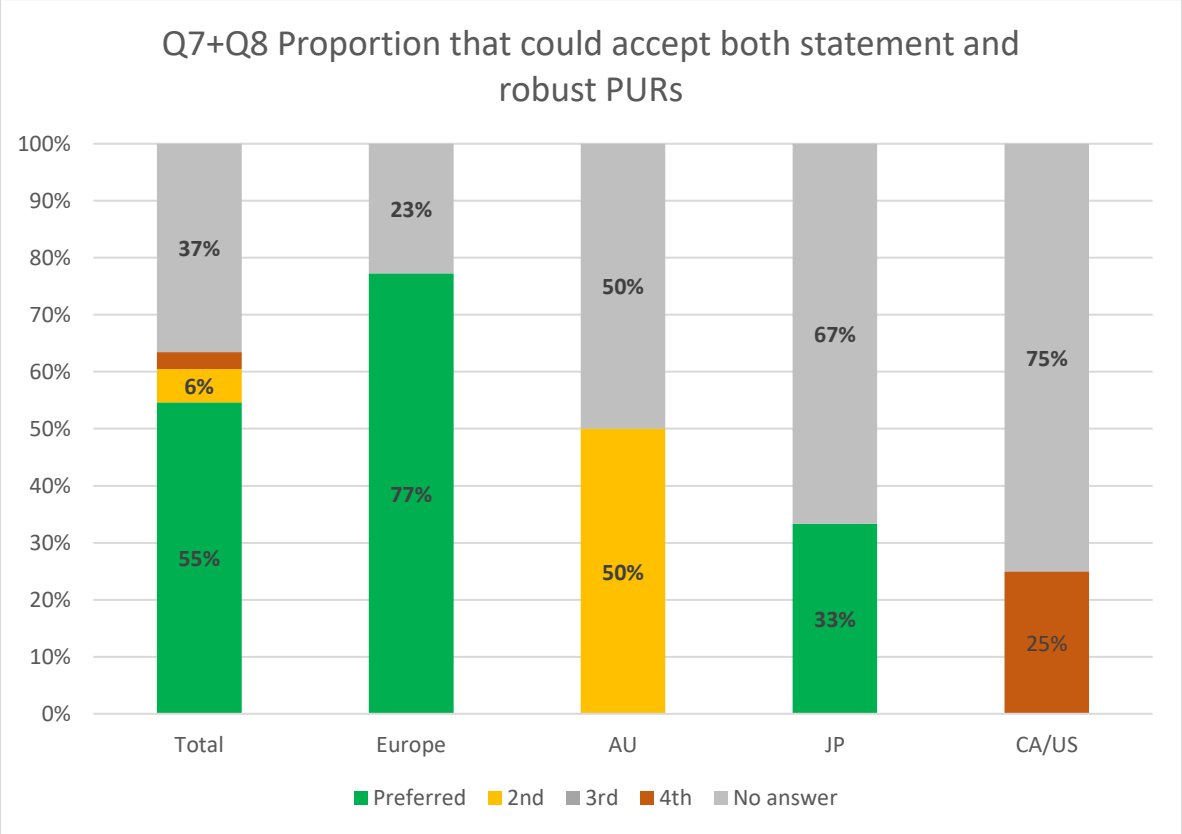


Figure 10

190. The total proportion that would accept both a statement requirement and robust prior user rights was higher than for a statement requirement alone, but it is largely skewed by the larger number of European respondents being in favour of this option. Half of AU user associations surveyed would accept this option, but in other regions the proportion was less than 50%. Surveyed KR users preferred this option by the largest margin (roughly 28%), and it was the highest ranked option in terms of preferred safeguards for one of these user associations, and one of the three first-ranked options for the other.

Robust prior user rights alone

191. Just over half of respondents found robust prior user rights alone to be acceptable, though only AU responses were heavily accepting of this outcome, with all AU respondents preferring this outcome. KR respondents were spread out across all the options. The members of one KR association considered robust PURs alone to be their least favoured approach (supported only by roughly 16%), whereas in the other KR association, it was surprising to observe that robust PURs alone (25%) were preferred to a statement requirement alone (23%), with the combination of a statement and robust prior user rights being the preferred option (29%), so that two options were favoured which embraced derived prior user rights, which are prohibited in KR, over the requirement of a statement alone, which reflects KR national law. As far as acceptance of this approach beyond first preferences was concerned, in one association, none of the respondents viewed robust prior user rights to be acceptable, and in the other, respondents considered the concept more acceptable than the combination of a statement and prior user rights, or no safeguards at all, but less acceptable than a statement requirement,

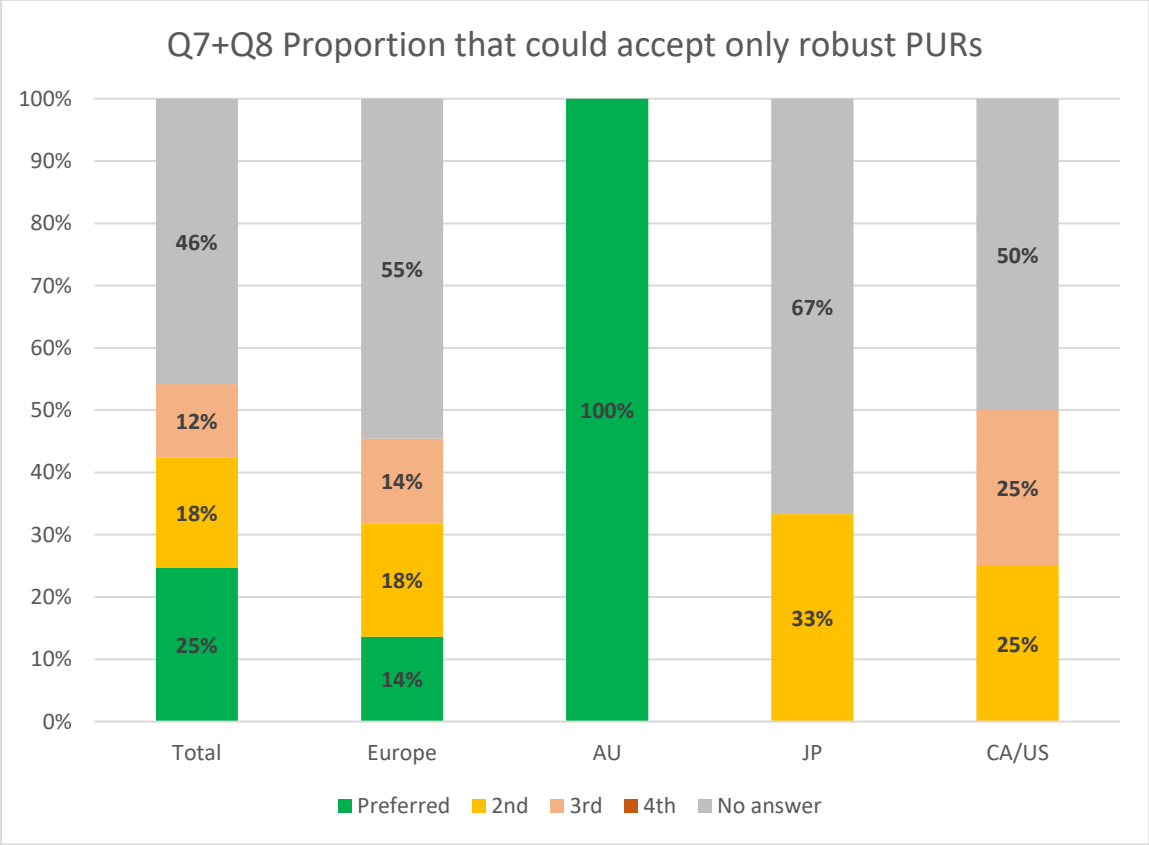


Figure 11

192. On the acceptability of having robust prior user rights alone as a grace period safeguard, one European respondent noted that it was 'not feasible with robust prior user rights alone to balance a 12-month grace period from filing/priority'.

193. It should also be noted that one US association reflected on the interaction of robust prior user rights with the grace period under different statement requirement scenarios: 'A voluntary statement, without robust prior user rights, would do little to discourage a "publish first policy," thus possibly leading to an increase in claims to grace period. A mandatory statement, depending on the strength of the incentives to timely file such statement, however, may limit the use of the grace period but, in the absence of a robust prior user right, still may not discourage a publish first policy.'

No safeguards

194. Users were also asked whether they could accept a grace period without any safeguards, i.e. neither a statement requirement nor robust prior user rights.

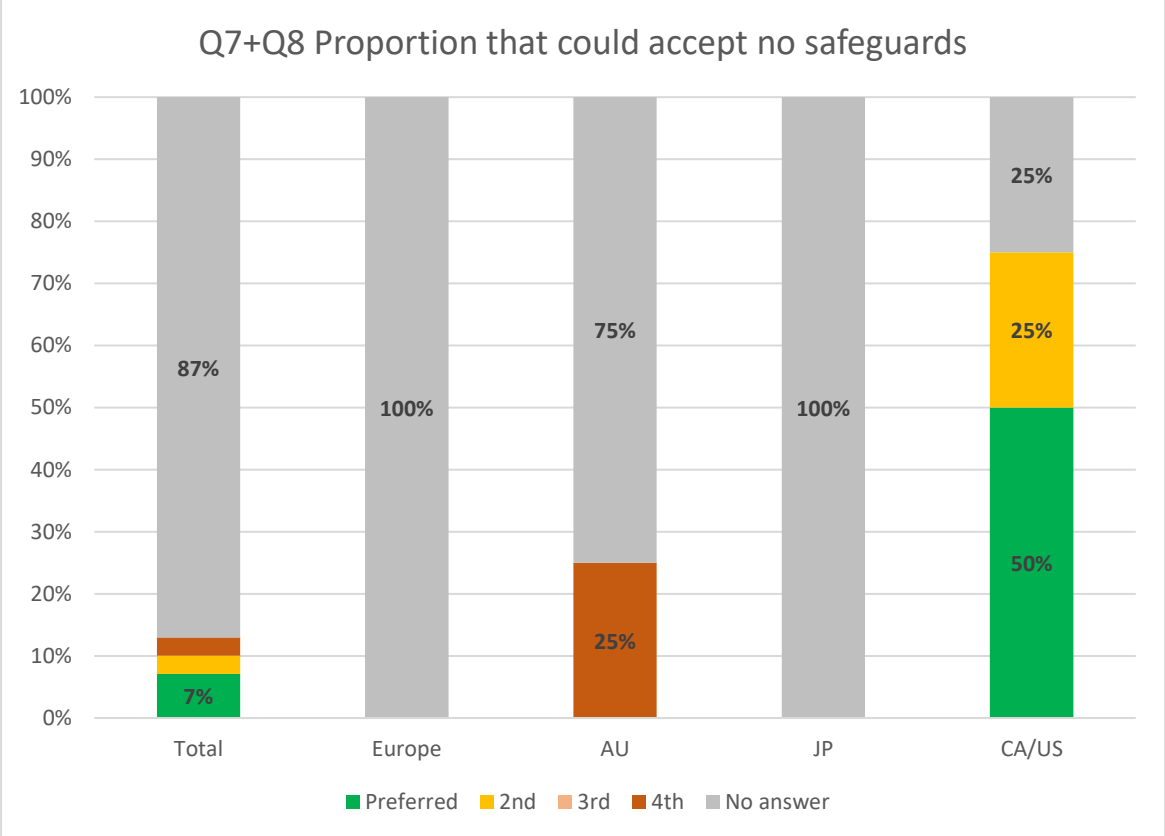


Figure 12

195. While these results suggest that this outcome might be acceptable for the US/CA respondents surveyed, this is clearly not the case for the other regions surveyed. 21% of surveyed KR users preferred this option, with a small proportion of respondents in each association indicating this option to be acceptable as a compromise – in both cases the lowest acceptance level of all

the options. Given the much larger acceptability of the other outcomes (having a statement requirement, robust prior use rights, or both) it appears likely that any SPLH package will have to include one or both of these safeguards.

196. In summary, while options of a statement requirement, robust prior user rights and a statement requirement with robust prior user rights enjoy significant support, there remain strong international and regional divisions on this issue. However, since almost half of respondents did not answer these questions caution should be exercised in drawing conclusions as the picture is far from complete, as this reticence to reply may be attributable to other causes (e.g. a lack of transparency), rather than a lack of flexibility.

4.8 Burden of Proof

197. Users were asked whether they agreed that the burden of proof to show that a pre-filing disclosure is graced should rest on the applicant. Notably, 96% of users surveyed backed this proposal, with only one association not supporting this.

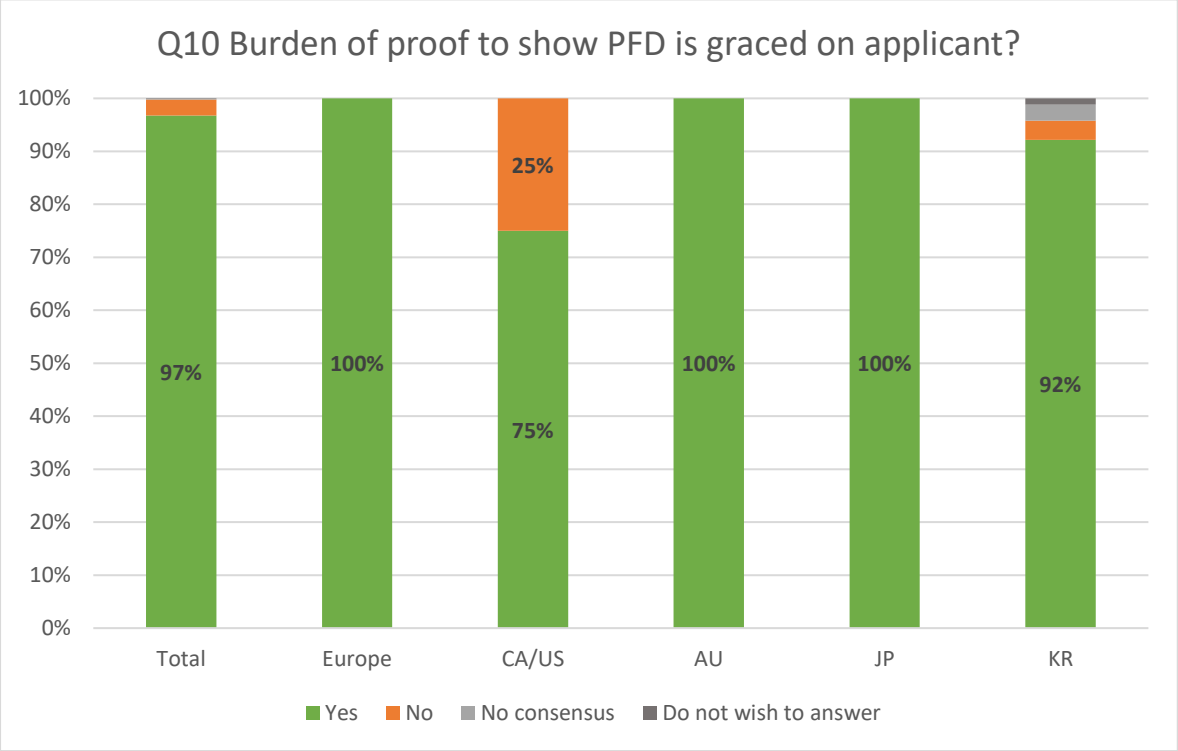


Figure 13

198. The above data broadly shows consensus on this issue, meaning that it should be considered settled for the time being, and discussions can likely be focussed on other, more contentious, areas, in future.

4.9 Intervening disclosures by third parties

199. One question asked whether users agreed with the statement: intervening disclosures of independent inventions by third parties form prior art.

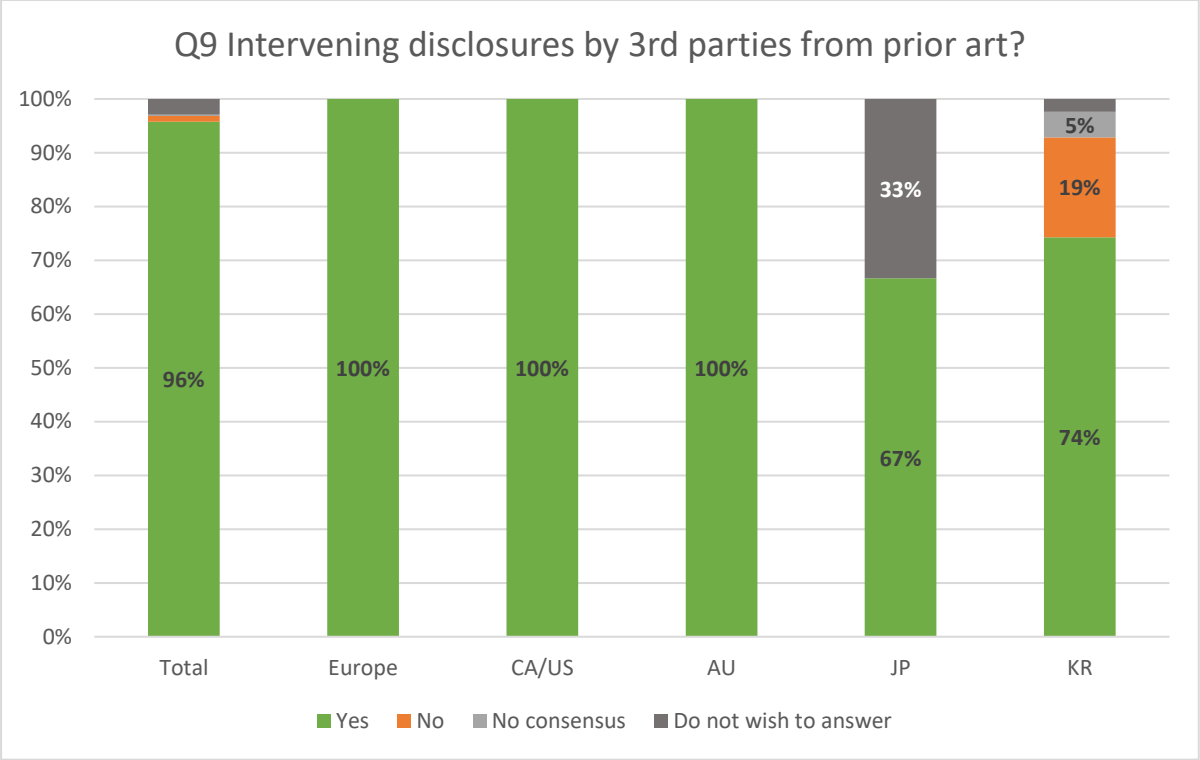


Figure 14

200. This question was responded to with a decisive yes, internationally. One US respondent commented that: 'An intervening disclosure by a third party, so long as it is not derived from the original pre-filing disclosure of the applicant (i.e., is independent), may form prior art. A part of an intervening disclosure that is derived should not be prior art, but the underived portion would be prior art.' A solid majority of individual KR respondents (74%) supported this norm. A single JP association elected not to answer. Thus, there appears to be a large consensus on this issue and it should be considered settled.

5. Conflicting Applications

5.1 Introduction

201. All patent systems must address the situation where applications containing relevant subject matter were filed prior to the filing or priority date of an application under examination but are not published until after the filing or priority date of the application being examined. Such applications are said to conflict because the content of the earlier application only becomes publicly available as prior art after the filing or priority date of the application being examined. In the

absence of any rules giving prior art effect to the earlier-filed application as of its filing or priority date, it would be possible for two or more patents to be granted covering the same or similar subject matter ('double-patenting'). While incidence of conflicting applications is low[77], the treatment of conflicting applications varies in the different jurisdictions around the world leading to complexity and additional cost for applicants who file in multiple jurisdictions.[78]

202. The 2023 Comparative Analysis of the Results of the National Consultations on Users proposals[79] on Substantive Patent Law Harmonisation identified areas of convergence and divergence to assess different available options which could form part of a Harmonisation package. The elements considered were:

(i) the effect of prior art ('distance' between applications),
(ii) whole contents approach,
(iii) anti-self-collision,
(iv) prohibition of double patenting,
(v) treatment of PCTs,
(vi) and terminal disclaimers.

203. Ultimately, the 2023 Comparative Analysis found there was little convergence, and the issues of the effect of prior art ('distance' between applications), anti-self-collision, terminal disclaimers and the treatment of PCTs remain highly contentious. There was not enough specific input from some jurisdictions to draw conclusions as to convergence on some important elements, and the input was not gathered with a view to performing a comparative analysis. Additionally, no consultations took place in some jurisdictions, so they were not represented.

204. Moreover, the consultation contained essentially only two models: that of conflicting applications being relevant for novelty only, without anti-self-collision (AIPPI Resolution, FICPI proposal) and the proposal of the IT3. The IT3 proposal was that to be patentable, the threshold which had to be met by the invention in the subsequent patent application was "novelty + common general knowledge of

[77] Group B+ Conflicting Applications Work Stream: Study on Usage of Secret Prior Art in Patentability Determinations found that the frequency of citation of secret prior art for novelty purposes, irrespective of the technology or office, ranged from 0% to 6% with an average of 2.48% - see Table 12, p17 https://link.epo.org/web/group_b_plus_sub-group_conflicting_applications_work_stream_study_en.pdf. The Tegernsee User Consultation on Substantive Patent Law Harmonisation (May 2014) also found that roughly 79% of all respondents reported a frequency of conflicting third-party applications of 1 case per 1000 applications or less – see Chart No 3.2 https://link.epo.org/web/Tegernsee_user_consultation_consolidated_report_en.pdf

[78] Page 2, paragraphs 4-6 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf

[79] Comparative Analysis of the Results of the National Consultations on Users proposals on Substantive Patent Law Harmonisation Comparative Analysis of the Results of the National Consultations on Users proposals on Substantive Patent Law Harmonisation (epo.org)

the person skilled in the art" over the prior application, with anti-self-collision, and the option of terminal disclaimers. This solution, devised as a compromise, did not elicit much support in any of the participating jurisdictions (AU, CA, JP and Europe).

205. In terms of the elements of a conflicting applications system, all that could be concluded from the consultations is that it is likely there is convergence of views around the need to prevent double patenting and a whole contents approach[80], for those who expressed an opinion on these matters. The need to prevent double patenting may be considered relatively uncontroversial as national patent systems in all the jurisdictions studied already provide measures on double patenting in some form. As for the whole contents approach, some jurisdictions apply it in relation to all applicants, such as the EPO, in applying novelty only, without anti-self-collision. At least some jurisdictions with anti-self-collision operate somewhat differently. For example, in JP, the whole contents approach will be used when applications collide where the applicants are different, applying Art. 29 bis (enlarged novelty). However, where the two applicants are the same, anti-self-collision removes the first application from the prior art relevant to the second application, and pursuant to Art. 39 which governs double patenting, the prior claiming approach will be used to determine whether the claims of the second application may be granted, allowing the second application to claim any subject-matter described but not claimed by the first application. [81]

206. However, the comparative analysis found no convergence of views across jurisdictions on the prior art effect of conflicting applications (distance between applications).

207. Users in Australia clearly opposed anti-self-collision, as did a majority (61%) of respondent user associations in Europe in a recent survey conducted during the European Symposium on SPLH held in 2023. Some users in Canada voiced support for anti-self-collision. However, no comments were received from Japanese users about this matter.

208. Regarding the effect of PCT applications, Japanese users opposed the IT3 proposal that PCT applications should enter the secret prior art upon their publication, regardless of whether they enter into the national phase, a view shared by 87% of respondent user associations in Europe at the European Symposium. CA users were also inferred to be less favourable to this approach. It was not possible to discern trends in AU in this respect. Finally, there was

[80] Although a legal shorthand, a "whole contents" approach is usually viewed as "the whole content of the prior art document is to be considered for the novelty assessment". This is distinct from the "prior claiming" approach, which is usually understood as "the second application may claim any subject-matter described but not claimed by the first application".

[81] In addition, it is pointed out that the Japanese Patent Act has two different provisions independently regarding double patenting and conflicting applications, namely Article 39 (double patenting) and Article 29 bis (Enlarged Novelty).

insufficient information that could be discerned from the consultations with which to form a conclusion on terminal disclaimers.

209. In the absence of finding convergence amongst stakeholder views, the 2023 Comparative Analysis went on to consider four basic approaches to the treatment of conflicting applications which currently operate in different jurisdictions.

5.1.1 Option 1: Novelty only (AU, CN, EPC, NZ, SG + 39 European countries)

- Conflicting applications are relevant for the examination of novelty only.
- There is no anti-self-collision; all applicants are treated equally.
- This system exists in 39 countries in Europe under the EPC, as well as in AU, CN, NZ and SG.
- It is the system endorsed by FICPI in their proposal (2018) as well as AIPPI in their Resolution on conflicting applications (2019).

5.1.2 Option 2: Novelty only, with single patent issuing to the same applicant (CA)

- Conflicting applications are relevant for the examination of novelty only.
- Patents may be granted on subsequent applications filed by different applicants whose inventions are new but obvious over the earlier application.
- For applications filed by the same applicant, anti-self-collision applies as the earlier application cannot be cited against the subsequent application for lack of novelty.
- Where the applicant is the same, anti-double-patenting applies where the claims in the two applications are not patentably distinct (i.e., claims of subsequent application are not new and unobvious over those of the previous application). In this case, the examiner will inform the applicant that a potential double-patenting issue exists since there is no actual defect until one of the applications issues to patent.
- Thus, “anti-self-collision” nevertheless prevents at least one of the applications from issuing. It does not lead, as in other systems, to the granting of both applications by the same applicant. However, it is flexible since a patent may be granted on the basis of the application which is first ready for grant, not on the basis of which application was first filed.

5.1.3 Option 3: “Enlarged novelty” (JP, KR)

- At times called an “enlarged novelty” or “enhanced novelty” approach, the test is that the invention in the subsequent application cannot be “identical” to the one in the earlier application, whereby the term “identical” includes cases in which there is only a “very minor difference” between the elements defining the invention, so that they are held to be “substantially identical”. Applications also include matter that can be derived from a person skilled in the art,

considering common general knowledge at the filing date of the application. The concept may include equivalents, if they would be easily understood by a person skilled in the art.

- Anti-self-collision applies, patents will be granted for inventions which are not novel over those in the first application, provided they are not identical (prohibition on double patenting).
- This gives first applicants an advantage by creating a "gap" within which they may fill out their protection for their invention, with third parties unable to obtain protection within this area.

5.1.4 Option 4: Novelty and inventive step (US)

- Conflicting applications are relevant for the examination of both novelty and inventive step.
- For third parties, the invention in the second application must meet full patentability requirements over the earlier conflicting application.
- Anti-self-collision applies, although there is a prohibition against double patenting, i.e., the granting of more than one patent with claims of identical scope for the same invention.
- Where the judicially created non-statutory obviousness-type double patenting rejection applies, the applicant can overcome it by filing a terminal disclaimer, linking all patents to the same expiration date and requiring the patents to be commonly owned to be enforced.
- This also gives first applicants an advantage by creating a "gap" within which they may fill out their protection for their invention, with third parties unable to obtain protection within this area.

5.2 Core Aims

210. It is useful to recall the policy aims behind the rules on conflicting applications which are to prevent double patenting, whilst allowing incremental innovations made close in time to the disclosure in the first patent application to be protected without unduly extending the patent right. The Group B+ Sub-group has previously agreed[82]:

(i) The grant of multiple patents for the same invention in the same jurisdiction should be prevented,

(ii) The patent system should allow for the protection of incremental inventions while ensuring that patent rights are not unjustifiably extended, and

[82] Group B+ Sub-Group, Objectives and Principles, with commentary on potential outcome, May 2015 https://documents.epo.org/projects/babylon/eponet.nsf/0/A3EB2FE2F8A5AD71C1257E6D0057194A/$File/b+_sub-group_objectives_and_principleswith_commentary_may_2015_en.pdf

(iii) Any system which allows incremental inventions to be patented should

a. balance the interests of inventors to protect incremental improvements on their own inventions with the interests of third parties to operate in the same field, and
b. promote innovation and competition.

211. These are the fundamental aims which different systems must be evaluated against. It should be noted however that the second two aims are somewhat ambiguous in what they hope to achieve as a matter of practical reality. In particular, the terms incremental, unjustifiably, balance, operate and promote, are open to a degree of interpretation and therefore particular care should be taken when evaluating whether a given system achieves these, when compared with another. It should also be pointed out that while first-filers and third parties are considered as distinct, they are, in reality, the same stakeholders and innovators. They both can and likely will be both first-filers and third parties at different times.

212. For the purposes of this report, ‘incremental inventions’ will be used to describe same-applicant subsequent inventions which are the subject of an application filed later than, but prior to publication of, an original application (inherently different in scope to the original). In the interests of clarity, the term ‘coincidentally close inventions’ will be used to describe the same type of subsequent application where it was filed by a different applicant.

213. Despite the inherent breadth of the outcomes mentioned above, it can be said that each of the systems of the B+ members achieve each of these outcomes in their own way. Therefore, this analysis will endeavour to discuss how each system achieves each of these aims and identify the different impacts of each of them.

5.3 Desirable Outcomes

214. Beyond the core aims, there are desirable outcomes which have been identified through the analysis of the literature since these effects are referenced frequently and always in a positive light. The following are characterised as desirable since there appears to be little doubt that these outcomes are objectively positive and so should be achieved, if possible. However, none of the desirables is essential and should not be considered to be as important as the agreed policy aims.

215. Firstly, the burden on patent offices linked to the complexity and work sharing opportunities involved with any package of harmonised rules on conflicting

applications should not be increased and, if possible, reduced.[83] Similarly, the burden on applicants should be minimised where possible to keep the bar to entry of the patent system as low as possible.[84] Any system of patent rules which is overly complex may dissuade new entrants from pursuing patent protection. Additionally, any system should ideally provide a high degree of legal certainty[85], in terms of both objectivity of the tests applied and agreed interpretation of the rules. Finally, while arguably covered by the 'interests of third parties to operate in the same field', it is worth explicitly stating that the ease of licensing should be considered[86], as this benefits both rights holders and licensees as well as the ease of obtaining FTO opinions for third parties wishing to adopt technology without infringing patent rights. This is tethered to the concept of patent thickets, which are generally acknowledged to make both licensing and FTO opinions more expensive.[87] Patent thickets may be formed when patents on close technology are held by different parties or when there are multiple rights held by a single entity. Thus, in an ideal world, thickets should correspondingly be minimised. However, while the above outcomes might be desirable, they should not come at the expense of the three core aims.

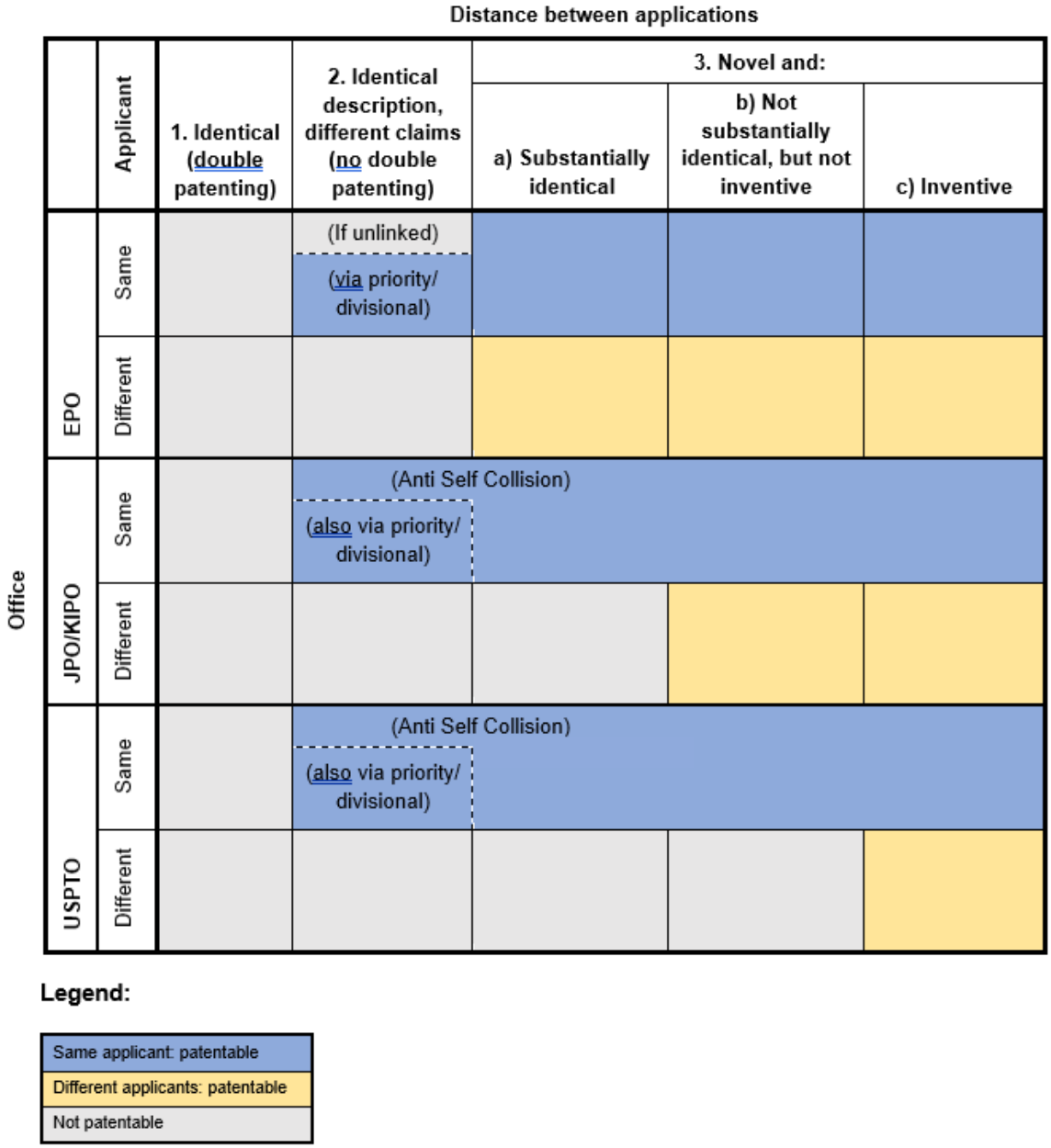
5.4 Impacts of Conflicting Applications Elements & Options

216. In order to progress the analysis of conflicting applications, this work has focussed on the four existing systems currently in operation around the world. Unlike some other parts of the SPLH package where it may be possible to consider the various elements in isolation, for conflicting applications it is important to consider how the elements interact with each other. For example, there are generally three models in use around the world for governing the distance between applications: novelty-only (EPC, AU, CA, CN, NZ, SG), enhanced novelty (JP, KR), and novelty and inventive step (US). The shorter distance of "novelty only" inherently enables applicants to "fill out" their own protection (e.g. under novelty only, obvious variants may be subsequently patented) without specific anti-self-collision provisions. For the other norms, such as enhanced novelty and novelty and inventive step, anti-self-collision provisions are used to bring the distance to "novelty only" for first filers, allowing them to file subsequent applications on incremental inventions and "fill out" their protection,

[83] Paragraph 187 Cornerstones for Harmonisation A B+ sub-group / industry symposium CORNERSTONES FOR HARMONISATION - A B+ SUB-GROUP / INDUSTRY SYMPOSIUM - RECORD OF THE PROCEEDINGS (epo.org)
[84] Page 618, paragraph 5 Innovation and Own Prior Art Innovation and Own Prior Art (uclawsf.edu)
[85] Page 12, paragraph 3 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[86] Paragraph 160 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications
[87] Paragraph 134 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications

creating a so-called “safe harbour”, resulting in a difference in treatment between subsequent applications filed by first filers and those filed by third parties. The presence of anti-self-collision in some of these systems[88] further modifies/mitigates the impacts of the distance measure adopted. The impact of anti-self-collision may also be modified in some systems by the presence of other mechanisms such as terminal disclaimers (US) or only allowing a single patent to issue to the same application (CA). The following table demonstrates the patentability of subsequent applications from the perspective of the same applicant and a different applicant, under systems using different distance measures (where anti-self-collision applies to JPO/KIPO and USPTO).

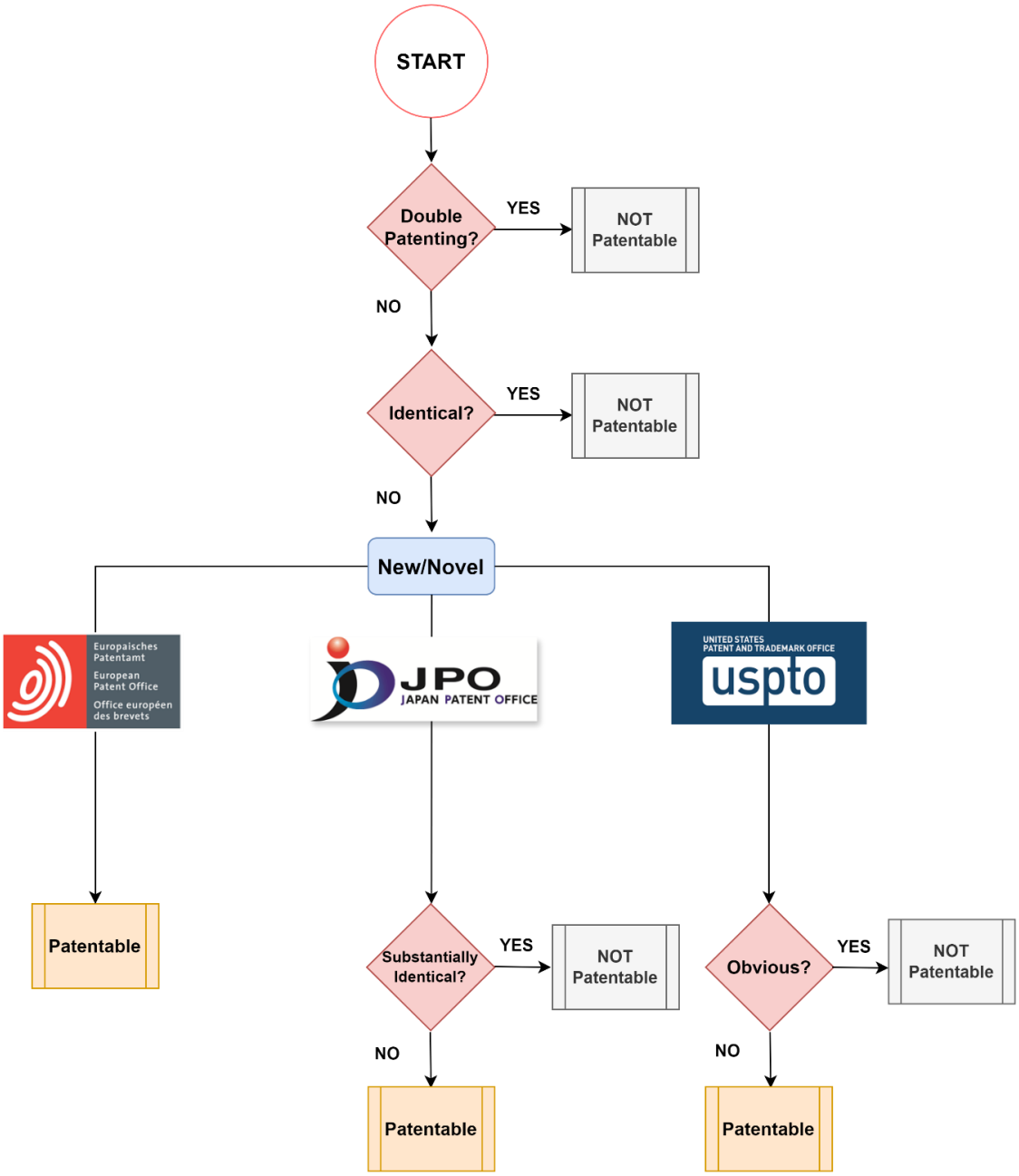
[88] It should be noted however that the novelty-only standard, while not including a specific anti-self-collision provision, arguably achieves the same effect in terms of permitting an applicant to protect incremental inventions (but also allows for coincidentally close inventions) – see page 6, paragraph 4 Group B+ Conflicting Applications Work Stream: Options for Harmonization of the Treatment of Conflicting Applications group_b_plus_sub-group_conflicting_applications_work_stream_options_paper_en.pdf (epo.org)



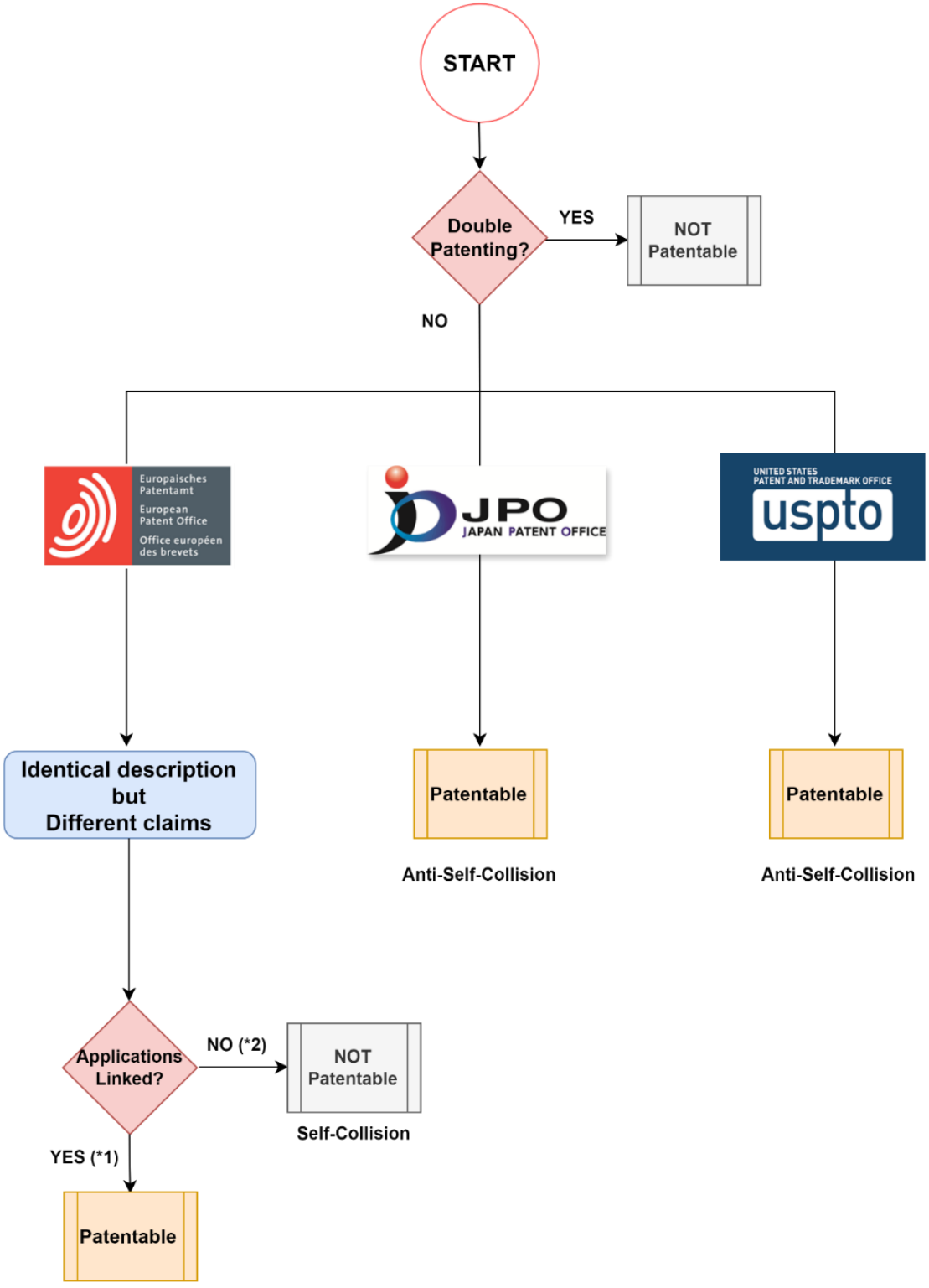
[In circumstances where more than one invention is disclosed in a first application, a later identical application may be filed by the same applicant claiming the second invention. At the EPO this later application can be filed by claiming priority from the first application or filing a divisional application. At JPO and USPTO, applicants can file a later application by claiming priority from the first application, filing a divisional application or relying on anti-self-collision provisions.]

217. The following flowcharts are also explanatory of the circumstances in which applications are patentable (or not) when filed by the same/different applicants. It should be noted when considering the flowcharts below that there are differences in the tests for double patenting across different jurisdictions.

Different Applicant



Same Applicant



*1 Either the second application claims priority from the first or the second is a divisional of the first application.

*2 Second application with identical description but different claims filed without claiming priority from and without being a divisional of the first application.

218. While the treatment of PCTs falls within the purview of the topic of conflicting applications, it has little interaction with the other elements. Therefore, this analysis will consider PCTs as a stand-alone topic within conflicting applications.

5.4.1 Option 1: Novelty Only

219. The novelty-only standard prevents double-patenting by ensuring that any subsequent application must be at least novel over the earlier application. The novelty-only system also enables applicants to gain patent protection on subsequent applications which are novel (but not inventive) over the original, enabling incremental invention, and treating all applicants equally. However, critics have commented that this system can place the first-to-file at a relative disadvantage as subsequent filers are able to "cluster around a pioneering innovation with claims of patentably indistinct scope",[89] although a subsequent filing for a coincidentally close invention which is made without prior knowledge of the original invention. Clustering of subsequent applications around the first application with claims which are novel but obvious over the earlier claims are considered by critics of this system to restrict the freedom of the first-to-file to build on their application with incremental innovations. On the other hand, it can equally be argued that under this system, the protection given the first applicant extends to what they have claimed in their original application. Any subject-matter outside this boundary remains in the public domain, and can thus be captured either by a follow-on application by the first applicant, or by third parties making "coincidentally close inventions".

220. Under this system, rights are 'extended' in the sense that incremental inventions, filed before the publication of an original application, will have up to 18-months protection beyond the expiry of the original application.[90] However, the scope of protection will be different to the original and is therefore arguably justified. This distance measure also balances the interests of first-filers and third parties, since the test is applied without prejudice to who filed the subsequent application. Therefore, coincidentally close inventions are also allowed by this approach. This promotes innovation and competition by both enabling first-filers to 'fill out' their protection and enabling third parties to gain protection in a technologically close area. Furthermore, with third parties able to gain patent protection in the same space, investments in research and development are

[89] Paragraph 161 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications
[90] Page 6, paragraph 6 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf

protected[91] where these parties were blind to the invention of the first filer. This aids businesses in monetising innovation, enabling further investments in the future.

221. Additionally, novelty-only is a clear distance measure which is quick and easy to apply objectively[92] and is therefore simpler for examiners, minimising the burden on patent offices. The less subjective distance measure also minimises the burden on applicants due to the simplicity, as well increased ease in gaining patent protection provided for by a shorter distance measure. European users also point out that the novelty-only approach (which is less subjective than inventive step) promotes legal certainty and predictability.[93] Its universality also helps in this regard; as all jurisdictions are familiar with novelty as a concept they therefore already have clarity over the correct application of the novelty-standard.

222. Licensing however may be more difficult under the novelty-only standard, since obvious variants may be granted to different parties, meaning a licensee would have to approach multiple rights holders. Critics of the European system have argued that "since these two resulting patents may be in different hands, it is argued that this may cause difficulties for third parties trying to obtain licenses to use the technology covered."[94] However, it is notable that the Tegernsee User Consultation on Substantive Patent Law Harmonisation reported a low frequency of encountering conflicting third party applications with roughly 79% of respondents indicating this occurred in 1 case per 100 or less.[95] This suggests that the situation where multiple patents of overlapping scope exist in the hands of different parties may be low.

223. That said, it should be noted that the issue of patent thickets is highly complex and highly contentious, and views are split on how different systems impact the size and number of thickets.[96] The Tegernsee User Consultation on SPLH found

[91] Page 4, paragraph 3 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[92] Page 6, paragraph 4 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[93] Page 6, paragraph 3 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[94] Paragraph 142 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications
[95] See paragraph 143 and Charts 3.1 & 3.2 Consolidated Report on the Tegernsee Consultation on Substantive Patent aw Harmonisation (May 2014)
[96] Paragraph 194 Cornerstones for Harmonisation A B+ sub-group / industry symposium CORNERSTONES FOR HARMONISATION - A B+ SUB-GROUP / INDUSTRY SYMPOSIUM - RECORD OF THE PROCEEDINGS (epo.org)

that patent thickets were less common than expected with the vast majority of respondents reporting no difficulties experienced.[97]

224. This approach aims to provide all applicants with equal treatment, enabling independent inventors to protect their investments.[98] Since there is no specific anti-self-collision provision, first filers and third parties have equal opportunity to protect incremental and coincidentally close inventions, respectively. First filers naturally have a competitive edge in this regard, since they know the content of their initial application. However, since third parties' investments in developing a technology are protected, they are able to obtain patent protection even where such a development is an obvious variation of an earlier unpublished application. The rationale behind this is that the skilled person would not have had access to the initial disclosure when the subsequent applicant made their filing.[99] On the other hand, it has been argued "that the EPC rule attenuates the harshness of the chronological rule for entitlement, in that it does not give all the rights to the first-past-the-post, where society would have been given germane technology within a short time span anyway."[100] To summarise, option 1 is the most generous towards third parties (subsequent filers).

225. This option effectively prevents double-patenting and enables applicants to protect incremental/coincidentally close inventions (provided that they are at least novel). Some have, however, criticised this, expressing the view that while double-patenting is prevented in a strict sense, there can be more patents issued on patentably indistinct inventions, making it difficult for competitors to find innovation "white spaces".[101]

226. There is little concern over rights being unjustifiably extended. Subsequent applications may receive only up to 18-months additional protection but they must be at least novel and this applies to both first-filers and third parties. Innovation and competition are thus promoted since applicants are not prevented from protecting incremental/coincidentally close inventions and all applicants are able to operate in technologically close areas without being unduly penalised.

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[97] See Chart No. 3.9 and 3.10 Consolidated Report on the Tegernsee Consultation on Substantive Patent Law Harmonisation (May 2014) Consolidated report on the Tegernsee user consultation on substantive patent law harmonization May 2014

[98] Page 4, paragraph 3 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf

[99] Paragraph 115 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications

[100] Paragraph 146 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications

[101] Paragraph 160 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications

227. The burden on patent offices is not particularly high, requiring only a routine assessment of a new application against the novelty standard. There would also appear to be no notable additional burden on applicants compared with other systems. This option also provides high legal certainty, being the most prevalent system and using only the standard of novelty to assess conflict, which is the most objective test of all options provided.

228. On the other hand, licensing may be more difficult for third parties under this system.[102] While certain thickets may be thinned out (reducing cost) due to the lack of anti-self-collision, ownership will be distributed between more hands meaning prospective licensees of a technology will have to reach agreements with more owners. This approach can lead to higher cost and increased litigation.[103]

5.4.2 Option 2: Novelty only, with anti-self-collision and a single patent issuing to the same applicant

229. Option 2 represents a similar approach to option 1, using the novelty standard, but where anti-self-collision applies. This means that first filers are given a “gap” in which to fill out protection and thus have an element of preferential treatment. However, as the novelty standard applies, third parties are not prohibited from gaining protection for coincidentally close inventions. Thus, this option represents a balance between the interests of first filers and third parties.

230. Since this system provides for anti-self-collision, patent rights of patentably distinct subject matter may have a later expiry date than the original application (as under the Novelty-only standard). The right to the “safe harbour” would prevent a third party from occupying the same ground that a subsequent application from the first filer could. It should be noted of course that any extension is limited to an “additional” 18 months and the applicant is limited to only one of these (not patentably distinct) patents.

231. This approach would not appear to have a significant impact on patent offices, since the distance measure is simple to apply. Examiners do have to warn of potential double-patenting issues. However, this would not appear to impose an additional burden. The burden on applicants appears to be low both in terms of

[102] Page 6, paragraph 5 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf

[103] Paragraph 160 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications

the distance measure and anti-self-collision. As under a novelty-only standard without anti-self-collision, legal certainty would be high.

232. As for licensing, it can be assumed that this system would have much the same effect as option 1, especially since only one patent can issue which covers the same invention, with patents potentially granted close together, held by different parties.

5.4.3 Option 3: Enhanced Novelty

233. Option 3, as compared with options 1 and 2, represents a slightly more favourable approach towards first filers, with slightly tougher treatment towards third parties. The novelty standard is modified to include minor variations, equivalents and common general knowledge. Therefore, this option represents something of a half-way-point between novelty only and novelty and inventive step which has led some to suggest it as a possible compromise.[104] As compared with the first two options, this option includes the same concern over extended patent rights (despite differing scopes) and a different balance between first filers and third parties, offering a "safe-harbour" to first filers where third parties can only gain protection for inventions which are "novel enough".

234. This option would likely represent an initial burden on patent offices, particularly due to adopting a new distance measure with which most jurisdictions are not familiar. The same may be true for many applicants. This mainly stems from the lack of legal certainty surrounding the distance measure. While many larger companies which file internationally may already be familiar with this measure, many smaller companies, and individuals, may not be. Novelty and Inventive step are measures that are already applied in jurisdictions globally, perhaps explaining why the concept of "enhanced novelty" has been criticised by some as suffering from a lack of legal certainty and predictability[105].

235. One of the advantages of the enhanced novelty approach over the above options is that the licensing of patents may well be easier, as it concentrates patent ownership in the same fields in fewer hands due to the broader distance measure and anti-self-collision provision.

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[104] Page 7, paragraph 4 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf

[105] Page 7, paragraph 4 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf

5.4.4 Option 4: Novelty and inventive step

236. Option 4 is the most generous to first filers, providing a full "safe harbour" as a result of anti-self-collision and a novelty and inventive step distance measure. This system therefore provides the toughest regime towards third parties, who have to meet full novelty and inventive step requirements. While strict double-patenting is prevented, first filers ultimately have the largest scope to fill out their protection provided applications are not identical. However, for the same applicant to gain protection for incremental inventions, they must file a terminal disclaimer. This means that all subsequent applications become linked to the original application, and receive the same expiration date, which may create a thicket of patents. This can make licensing simpler for third parties since ownership is concentrated in fewer hands[106], but can make licensing more expensive if a thicket is created [107], and may also increase the burden on third parties by making FTO opinions more expensive.

237. While it would not appear that a burden to offices is created by subsequent applications by the same applicant and terminal disclaimers, per se, there may be an additional burden from applying the inventive step test to applications by third parties.

238. Furthermore, it has been argued that part of the effect of this system, whereby coincidentally close inventions are prohibited, but incremental inventions are not, is to incentivise all applicants to accelerate the process to filing.[108] Being first to file under this system is far more advantageous than in other systems and being second (or later) more actively detrimental. This has a range of implications. Firstly, earlier filing may have a public benefit, in that the application is published sooner and expires earlier. Based on this, proponents argue that the first-filer "should enjoy some latitude as against late-comers."[109] However, some have criticised the system, arguing that innovators can "file too early, reducing patents' socially beneficial functions."[110] Moreover, applications may be rushed and the applicant may not have adequately developed the invention or the disclosure by this stage. The knowledge that third parties are excluded from a large area of safe harbour for a period of 18 months makes it easier for the first applicant to

[106] Paragraph 112 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications
[107] Paragraph 143 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications
[108] Page 8, paragraph 5 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[109] Page 4, paragraph 4 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[110] Page 573 paragraph 2 Innovation and Own Prior Art Innovation and Own Prior Art (uclawsf.edu)

create patent thickets, which has been recognised even by some US stakeholders.[111]

239. This approach creates a risk for innovators, who may lose investments spent in developing a technology if they are beaten to the first filing by a competitor.

5.4.5 Stakeholder positions

5.4.5.1 Questionnaire results

240. In the questionnaire, users were asked about best practice for conflicting applications. These questions were concerned with current systems, including the relevant distance measure, the presence, or not, of anti-self-collision and any provisions to alter the impact of anti-self-collision.

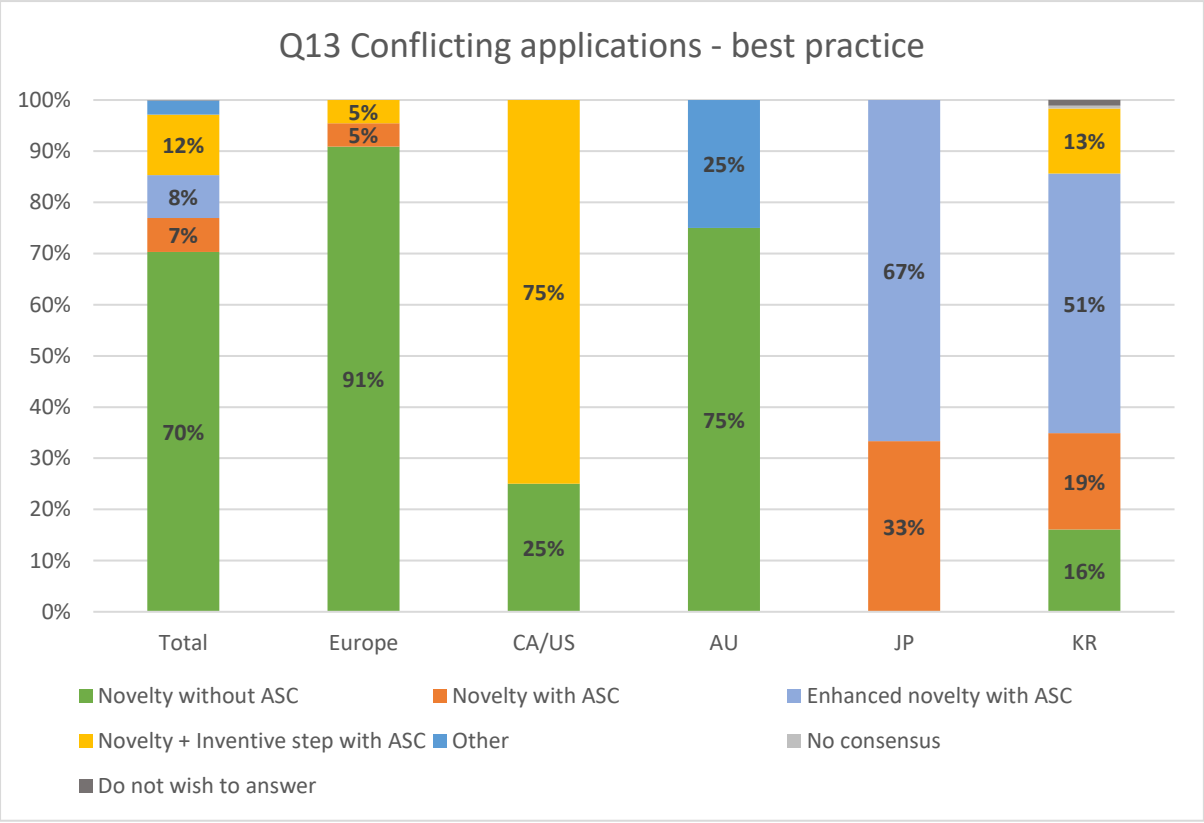

Figure 15

241. As noted before, there is a clear tendency for users to prefer their own systems. This is particularly true for European users who strongly favour the EPC system of novelty only without anti-self-collision. One European user explained their reasons for this: 'The simplicity of the EPC is appreciated by European users as it balances the interests of applicants and third parties. We'd be hesitant

[111] Samson Helfgott, "Applying Conflicting Applications as Prior Art – Can Harmonisation be Achieved? (May 2013) BNA World Intellectual Property Report, pp. 3, 4 and 5.

to change since it would lead to massive change in case law and thus years of legal uncertainty. The more complex, the greater likelihood it ends up in court (goes against certainty for third parties).'

242. The noteworthy exception was that of the two CA associations surveyed, one expressed a preference for Novelty-only without anti-self-collision and the other preferred Novelty + Inventive step with anti-self-collision. Despite these responses, one CA respondent noted that 'users prefer status quo as they do not need re-education.' This statement logically applies to all users, at least in so far as there will always be a bias towards keeping what one is familiar with since change inherently requires re-education.

243. One US respondent noted that 'fundamentally the question is whether the system should favour the first filer or not. In the US, first filers are privileged, and this is supported. Although, open to consider alternatives.' When discussing alternatives, there was a preference expressed towards 'enhanced novelty + anti-self-collision, possibly together with terminal disclaimers.' Therefore, it is clear that remaining as close to their current system as possible would be preferable for US users.

244. The responses from JP and KR users were more mixed. The majority view from JP respondents was to prefer their own system, with the minority view preferring novelty with anti-self-collision. KR respondents expressed a majority preference for their own system with sizeable minority views for each of the other three systems. KR respondents later clarified their position with a statement that 'most users view the anti-self-collision provision as crucial because, without it, securing patents for incremental improvements would be harder, and patent opportunities would decrease. In systems with enhanced novelty, like in KR, subsequent applications would be likely to be rejected based on prior filings by the same applicant.' A further clarifying statement went on to say that 'users generally support the principle of anti-self-collision but are open to adopting the European "novelty-only" system for conflicting applications in the context of global harmonization.' They prefer "enhanced novelty" with anti-self-collision to protect incremental improvements, however, as an alternative, KR users also show flexibility regarding ~~the~~ novelty-only without the anti-self-collision provision. Some also suggest stricter novelty criteria and clearer guidelines to distinguish between "enhanced novelty" and "novelty-only".'

245. One AU association also specifically expressed concern about adopting the enhanced novelty measure, stating: 'enhanced novelty would lead to difficulties in application, with FTOs becoming more complicated.'

246. As with the results for grace period safeguards, for the following graphs relating to acceptable systems (Q14), the first preference (Q13) was also included to show the total proportion of users in each region which would find each concept to be acceptable.

Novelty only without anti-self-collision

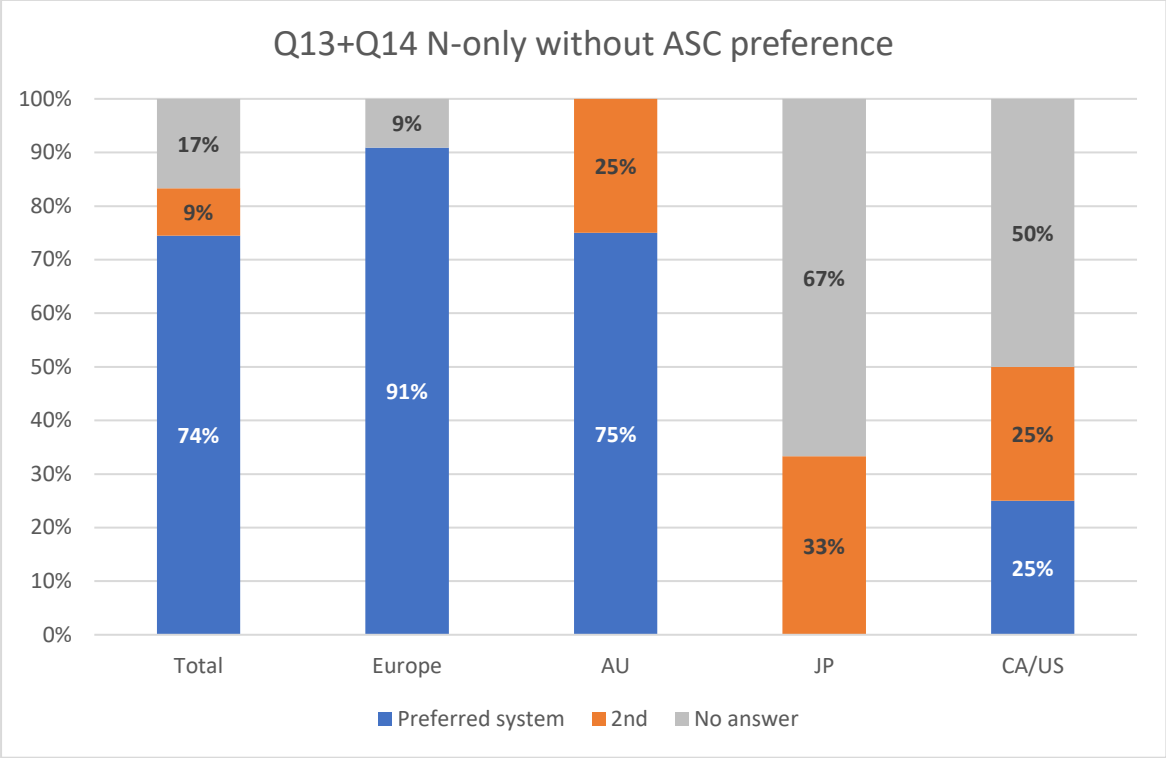

Figure 16

247. Novelty only without ASC enjoyed strong support among European and AU respondents but less from JP, CA, US and KR respondents. This appeared to be the least palatable option for KR respondents, 16% of surveyed KR users preferred this option. Whilst in one association, none of the respondents could accept it as a compromise approach, in the other, it ranked third as an acceptable option, with only "Novelty and Inventive Step with anti-self-collision" receiving less support.

248. Interestingly, one CA and one US association responded that novelty-only without anti-self-collision would be acceptable.

Novelty only with anti-self-collision

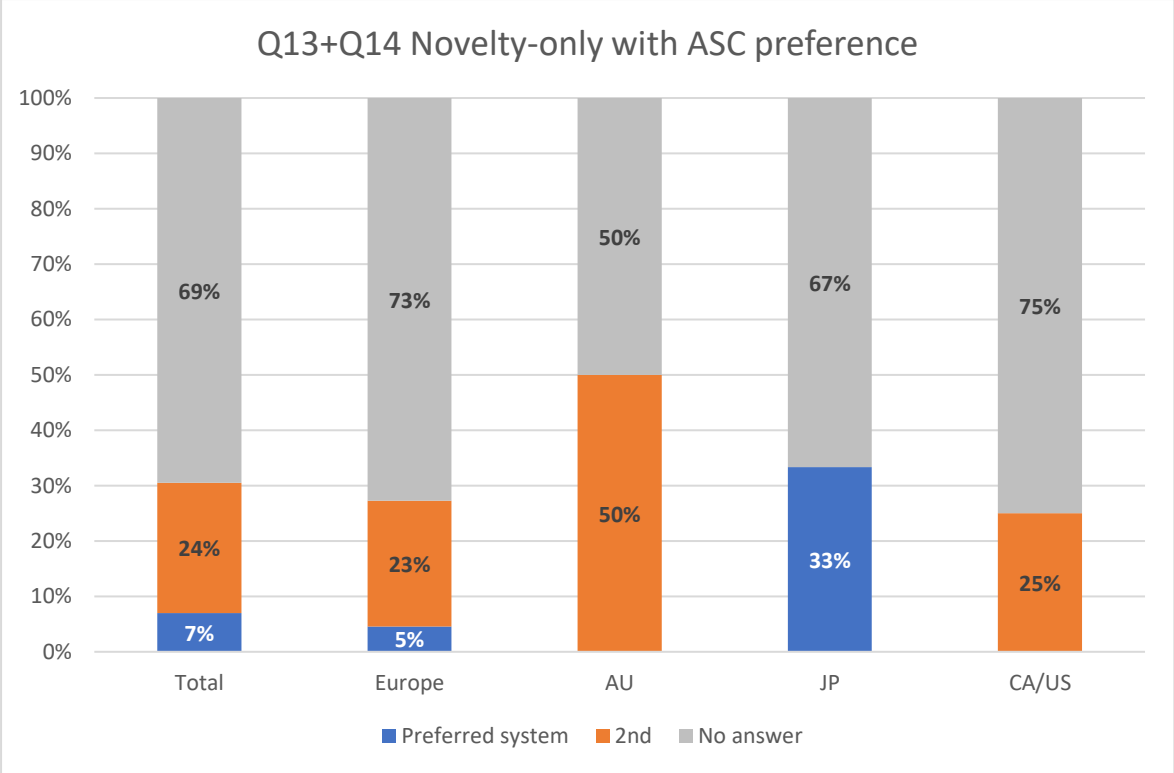

Figure 17

249. On novelty-only with anti-self-collision, but where the applicant must choose which application shall proceed to grant, only one CA association said this would be acceptable and neither US association accepted this option as viable.

250. There was some acceptability noted from Europe and JP and half of AU respondents said this would be acceptable. 19% of surveyed KR users preferred this option. In one association, a clear majority of respondents could accept it as a compromise, and it was the top-ranked compromise option within both KR associations.

Enhanced novelty with anti-self-collision

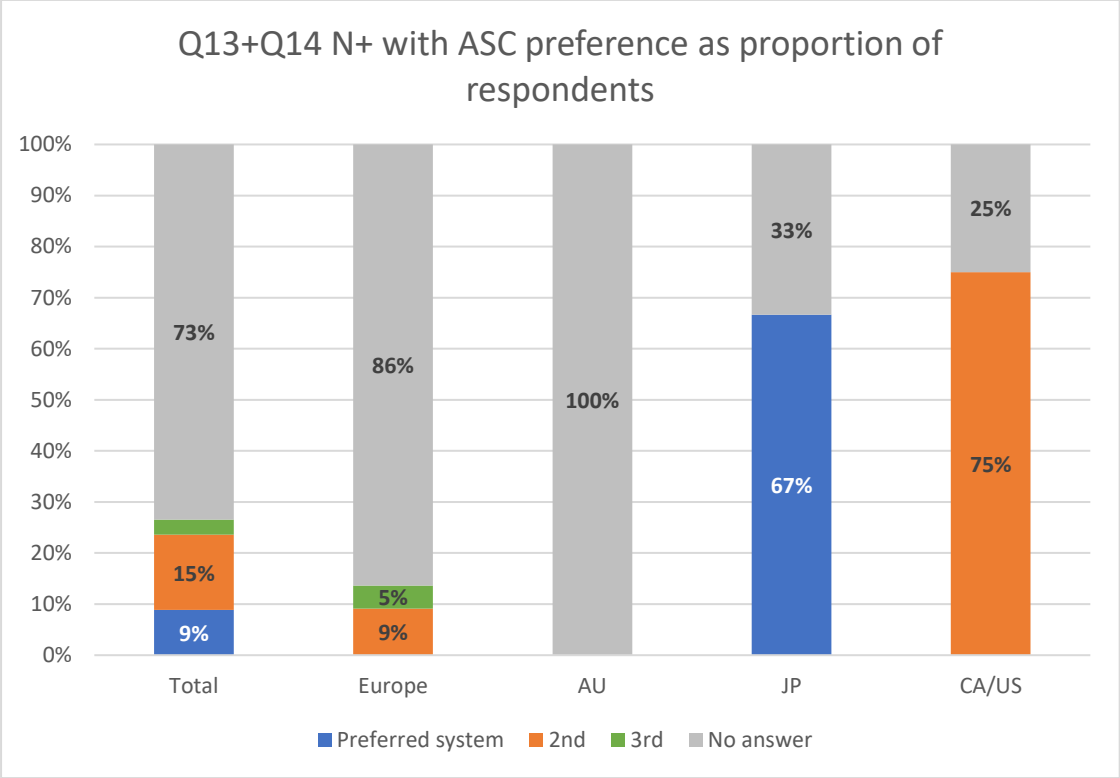

Figure 18

251. On enhanced novelty (N+), European and AU users did not appear to view enhanced novelty with anti-self-collision to be acceptable, whereas JP, KR, CA and US respondents, viewed it quite favourably. Unsurprisingly, surveyed KR users preferred this option which reflected their national law and received the highest level of approval of all the options.

Novelty and inventive step with anti-self-collision

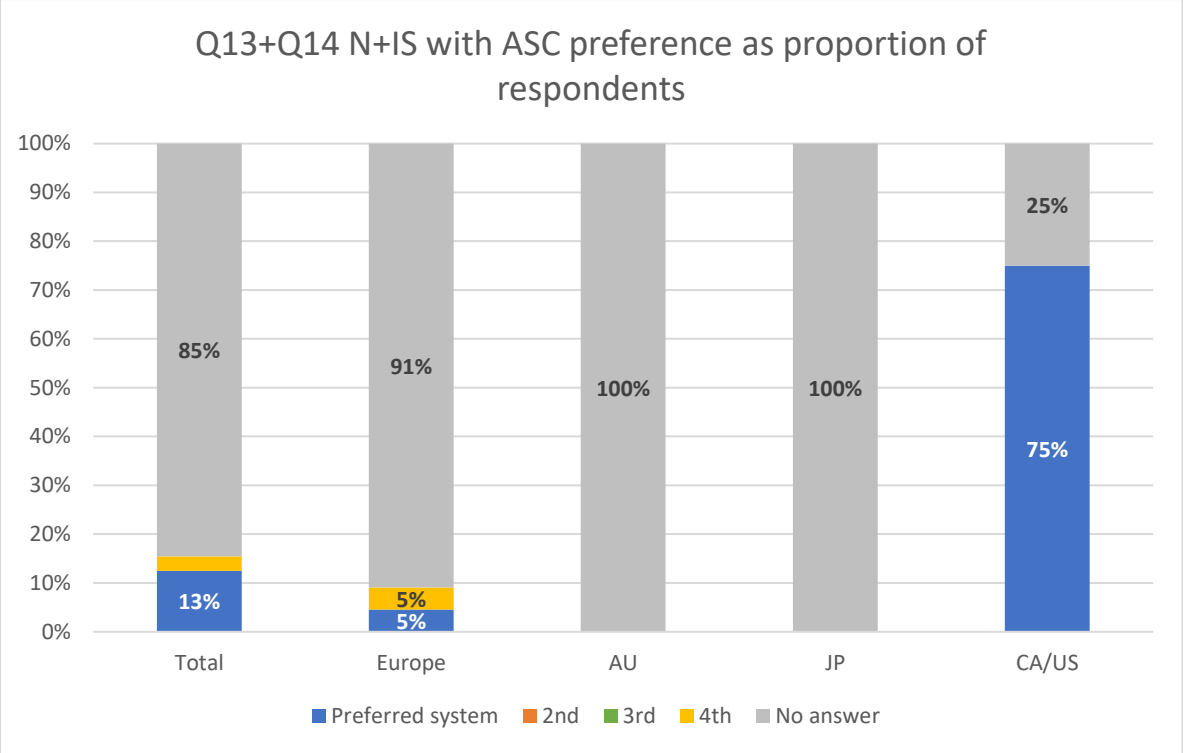

Figure 19

252. On novelty and inventive step (N+IS), with anti-self-collision, reflecting US law, only the US respondents believed this constituted best practice, with one CA respondent noting it was preferred. Generally, this option was not embraced by many KR respondents, it was by far the option which was the least favoured within one association, and preferred by only 22% of the respondents within the other. Otherwise, respondents broadly did not find this outcome acceptable as a compromise position. In KR, in both associations, this option had the lowest level of acceptability as a compromise of all the options considered.

253. European and AU respondents did not demonstrate much flexibility regarding conflicting applications, but perhaps that is due to the strong levels of support for their own system, which is the only system which treats applicants equally. All others provide an advantage to the first mover over a competitor that develops a coincidentally close invention, which reflects differences in both policies and perceptions of fairness.

254. Additionally, JP respondents did not express much flexibility but only two of the three user associations voted for their own system with one preferring novelty-only with anti-self-collision.

255. There was more flexibility expressed by US and CA respondents with some acceptability for all systems. However, North American respondents clearly prefer a larger distance measure of Novelty and Inventive step with anti-self-collision.

256. The KR responses are harder to interpret but nonetheless demonstrate some acceptability of all options with a preference for either enhanced novelty or novelty only with anti-self-collision. The greater granularity of their responses appears to show quite a high level of individual flexibility, which might not have been apparent had the responses been sent on the basis of internal consensus.

257. Based on this evidence, none of these options can be ruled out at this stage. However, it can be observed that whilst enhanced novelty has long been considered a possible compromise due to its intermediate position amongst existing systems in terms of distance, both novelty-only systems were the only systems to receive some support from all regions. Given the large deviation in opinions across regions, it must be concluded that conflicting applications remain a challenging issue, which will require further work.

258. The questionnaire surveyed users about their preferred distance measure. The results, below, show large divergences.

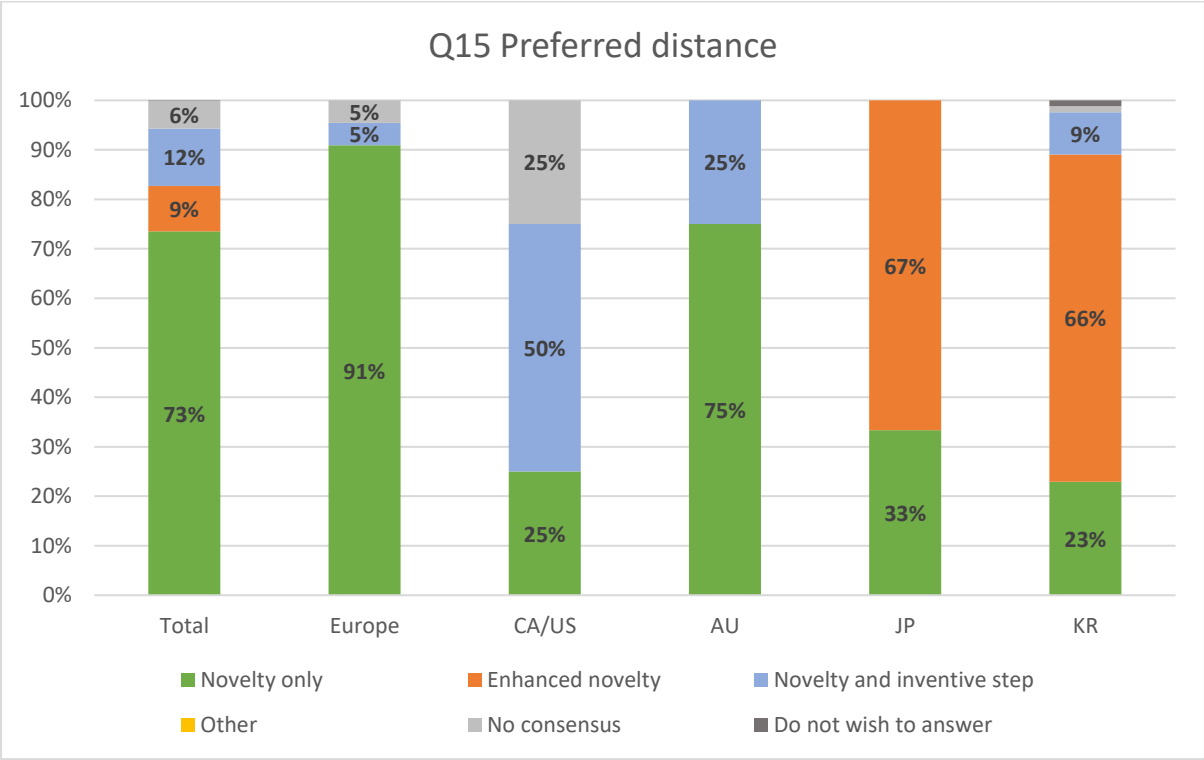

Figure 20

259. It can be seen that the respondents surveyed broadly prefer the distance measure which is used currently for conflicting applications in their own jurisdiction. As this was the expected outcome, the WG went further to ask about acceptable compromises. This involved asking users to rank in order of preference the options which would be acceptable, should their preferred option not be a feasible outcome in an international negotiation. As with the results for systems (best practice) above, for the following graphs relating to acceptable systems (Q16), the first preference (Q15) was also included to show the total

proportion of users in each region which would find each concept to be acceptable.

Novelty only

260. Novelty-only had the most acceptability, with almost all European and AU respondents surveyed accepting this outcome, which reflects their national norms. Again, it should be pointed out that this is heavily influenced by the large European sample.

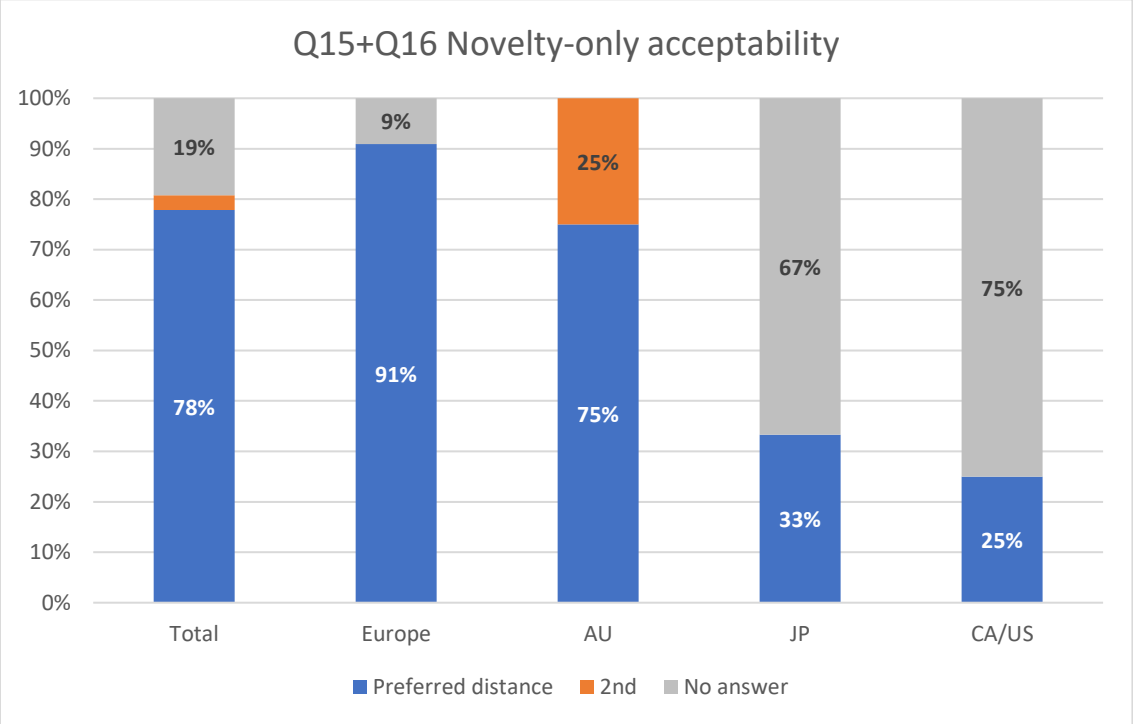

Figure 21

261. While there was some support from JP, CA and US respondents for the novelty-only concept, this was clearly not the majority view in these jurisdictions. 23% of surveyed KR users preferred this option. In the follow-up question regarding concepts acceptable if their preferred distance of enhanced novelty were not a feasible outcome in an international negotiation, Novelty-only was deemed the next best alternative, with the highest level of acceptability of all compromise options within both KR user associations.

Enhanced novelty

262. JP users largely preferred their own, enhanced novelty, measure, as shown below, as did the KR respondents (66% of surveyed KR users preferred this option). Of those CA, US and AU associations surveyed, this measure did not appear to be supported as an outcome for an SPLH package. European respondents however expressed non-negligible acceptability for this option.

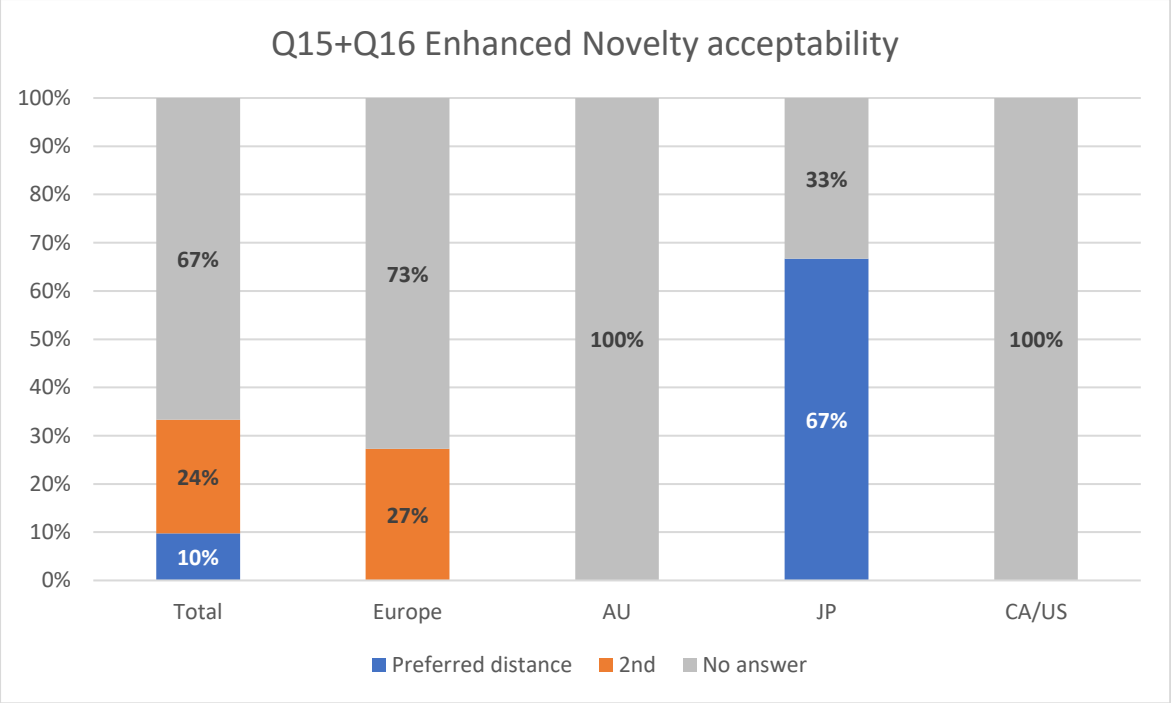

Figure 22

Novelty and inventive step

263. The largest support from the CA/US respondents surveyed, however, was directed towards Novelty and Inventive step, as shown below.

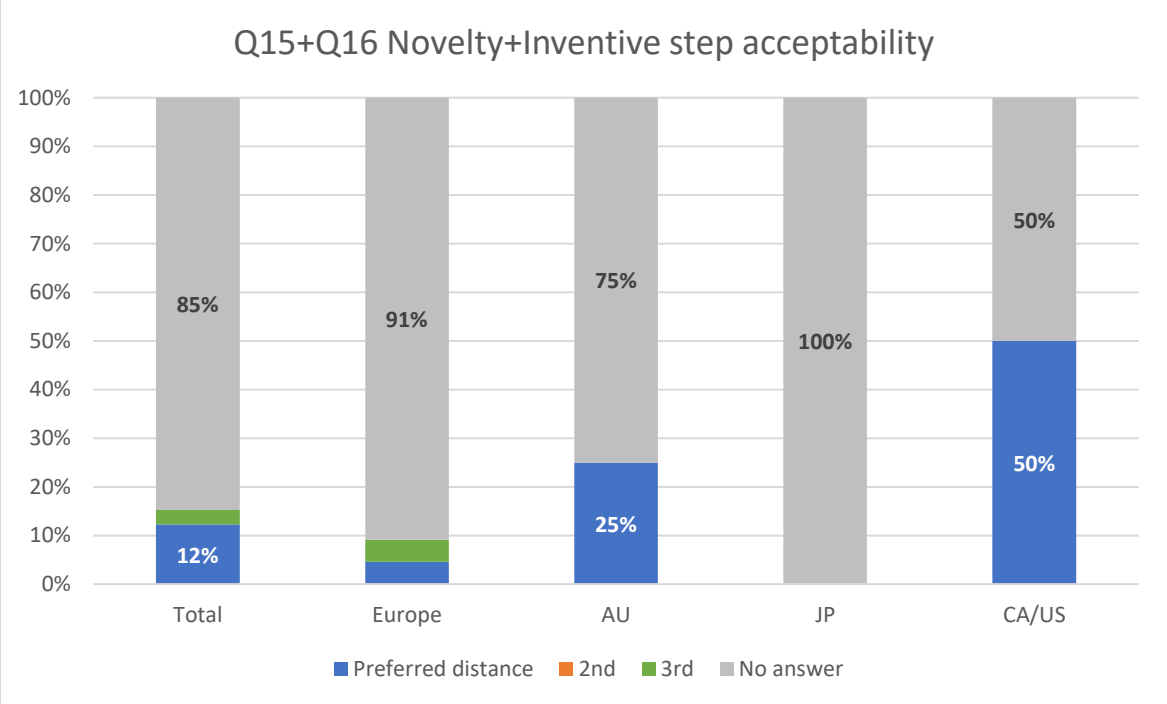

Figure 23

264. However, only half of respondents from CA/US backed this system (i.e. both US associations backed their national norm, whereas the two CA associations, who either preferred Novelty-only or could not reach a consensus on Q.15, were

unable to come to a consensus as to whether they could accept Novelty and Inventive Step as a compromise) and very little acceptability was indicated from other regions (for KR respondents, this was the option with the lowest acceptability of the three, at 8%, and in the question regarding acceptable compromises, once again, it was the option with the lowest score. This option should not be discounted since it enjoys more support from the US than any other option, but it should be recognised that the low levels of support internationally mean that it is unlikely stakeholders would sign-up to a harmonised system of conflicting applications using Novelty and Inventive Step as a distance measure.

5.4.7 Anti-self-collision and limiting provisions

265. Anti-self-collision is the mechanism whereby prior applications do not count as secret prior art against the applicant's subsequent application. This mechanism provides a different standard of distance for applications filed by the same applicant, as compared with those of different applicants. The novelty-only standard, while not including a specific anti-self-collision provision, arguably achieves the same effect in terms of permitting an applicant to protect incremental inventions (but also allows for coincidentally close inventions)[112]. The issue for opponents of the novelty-only standard is that it does not create a "safe harbour", an area where the first applicant can fill out protection, but a third party cannot [113]. This "safe harbour", it is argued, is particularly necessary in a first-to-file system since applicants are incentivised to "rush to the patent office"[114] and therefore require confidence that they can fill out protection later. As mentioned, the novelty-only approach protects only the subject-matter which was initially claimed by the first filer. Anything beyond that boundary is new and can thus be appropriated by anyone, including third parties. In contrast, the concept of anti-self-collision in effect creates an area (proportionate in scope to the distance measure applied) of subject matter which may not yet be known by the first filer, and in any event has not been disclosed or claimed by the first filer, but which nevertheless can no longer be appropriated by a third party.[115]

[112] Page 6, paragraph 4 Group B+ Conflicting Applications Work Stream: Options for Harmonization of the Treatment of Conflicting Applications group_b_plus_sub-group_conflicting_applications_work_stream_options_paper_en.pdf (epo.org)
[113] Page 6, paragraph 5 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[114] Page 10, paragraph 2 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[115] This does not necessarily prevent third parties from obtaining patents for subject matter not yet "known" by the first filer.

266. In a 2012 consultation, a majority of European users viewed anti-self-collision as “discriminatory”, arguing that the patent system is “there to encourage innovation, rather than reward the incumbent.”[116] They additionally raised the concern of complexity, pointing to the potential for “mis-joinder or non-joinder of inventors at a late stage of the examining process”. Indeed, a system of anti-self-collision implies the existence of rules to determine whether two applications are held to be filed by the “same applicant”, a complication dispensed with under the novelty-only approach where the identity of the applicants is irrelevant.

267. That being said, Japanese users prefer anti-self-collision, since under self-collision it would be possible for one unit of a single company to potentially invalidate a subsequent patent filed by another unit of the same company[117]. They also noted that it is difficult for big companies to keep track of all the minutia of earlier applications in order to avoid conflict – thus anti-self-collision is preferable.

268. Additionally, an apparent “anomaly” with anti-self-collision is that an identical application filed up to 18 months apart can result in an additional 18 months extra term if the original is allowed to lapse (assuming no intervening prior art is identified)[118]. Also, by providing a “safe harbour”, an opportunity is created for a first filer to submit a subsequent application covering nearly identical subject matter to be filed shortly before the first patent is published. The later filing date of this subsequent application would enable applicants to extend their monopoly. Both the US and Canadian systems have measures in place to mitigate this problem and are also discussed below.

269. Although anti-self-collision on its own would allow for double-patenting on applications filed by the same applicant, additional provisions are also provided in jurisdictions with anti-self-collision explicitly to prevent this. Therefore, anti-self-collision needn’t (and doesn’t) obstruct the agreed principle to prohibit double-patenting. Of course, anti-self-collision means that incremental inventions can be protected, but this necessarily means that they are provided with preferential treatment over third parties[119]. Furthermore, anti-self-collision (without a limitation) results in later applications by the same applicant having a later expiration date than the original application. This can lead to the “anomaly” outlined in the above section, which may not be justified.

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[116] Paragraph 116 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications

[117] Paragraph 123 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications

[118] Page 11, paragraph 6 FICPI Position on Patent Law Harmonization (Group B+) FICPI Position Paper on Harmonisation

[119] Page 591 paragraph 4 Innovation and Own Prior Art Innovation and Own Prior Art (uclawsf.edu)

270. As previously stated, anti-self-collision provides preferential treatment towards first filers, creating an imbalance between first filers and third parties. By extension, innovation might be supported for first filers since they have freedom to fill out their protection but might be limited for third parties who are placed at a disadvantage. Therefore, in some cases, competition might be stifled by such a feature.

271. Anti-self-collision may increase the number of subsequent patent applications, having a knock-on effect on the volume of work for patent offices. Legal certainty/complexity could also be affected as collaborative research leading to a "web of joint filings under different names" means anti-self-collision is difficult to work with[120]. Licensing may be simpler for third parties, since the ownership landscape would be less diverse, but the potential increase in the scale of patent thickets may push up the cost not only of licensing, but of FTO opinions.

272. Where JP/KR have strict approaches to prohibiting double-patenting, where no two patents for identical subject matter may be granted, the US and Canadian approaches are more complex.

273. In the US, despite the anti-self-collision provision, double patenting prohibits one applicant from obtaining more than one patent for either: the same invention, or a patentably indistinct/obvious modification of the same invention. A mechanism is provided to prevent obviousness-type double-patenting issues. Where this mechanism is applied, terminal disclaimers provide for all such patents to be linked and have the same expiration date applied – as such, they prevent extension of the patent term for obvious modifications of an original invention. Terminal disclaimers therefore "balance the relatively strong position of the earlier inventor/applicant with a limitation on the term of protection." [121] This also simplifies the landscape for third parties since patents in the same group of linked patents expire at the same time. Terminal disclaimers also help in linking the patents to a single owner, "facilitating both licensing and litigation." [122] However, this does not help third parties who wish to obtain FTO opinions. Where several rights need to be investigated due to the application of anti-self-collision and terminal disclaimers, this may drive up the cost of an FTO opinion beyond what an SME may be able to afford. Moreover, this mechanism has been criticised as "too complex and bureaucratic." [123] This was mirrored by views of

[120] Paragraph 93 European Common Consultation on User Proposals for Substantive Patent Law Harmonisation European Common Consultation on SPLH 2022 - Part I Consolidated Report
[121] Paragraph 105 "Enlarged" concept of novelty: initial study concerning novelty and the prior art effect of certain applications under draft article 8(2) of the SPLT https://www.wipo.int/scp/en/novelty/
[122] Page 10, paragraph 4 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf
[123] Paragraph 18 Industry Trilateral Elements Paper Industry Trilateral Elements Paper of September 2021 (epo.org)

AU/NZ users who argue that the added complexity of the terminal disclaimer "including determining the relationship between the first and second applicant, is not warranted to avoid the later expiry of the second patent." [124] Canadian industry representatives however favoured terminal disclaimers over a test for anti-double-patenting on the basis that it provided "more clarity." [125]

274. In Canada, anti-self-collision, unlike in JP, KR or the US, does not allow more than one of the conflicting applications to proceed to grant. No two patents (from the same applicant) can issue with claims that are not patentably distinct from each other. However, the system is flexible since a patent may be granted on the basis of the application which was first ready for grant, as chosen by the applicant, not necessarily on the basis of which application was first filed. This means that thickets may be smaller since only one patent can issue for a patentably distinct invention (the rest of the thicket may contain obvious, but novel, variants). This provides for reduced cost for third parties wishing to license. Furthermore, the additional flexibility means that the first filer may correct for deficiencies in an original application (e.g. "fill-out" their protection) but only receive a single patent.

5.4.7.1 Stakeholder positions

5.4.7.1.1 Questionnaire results

Anti-self-collision

275. In the questionnaire, the users surveyed were asked whether they supported the principle of anti-self-collision.

[124] Paragraph 67 Response document: A B+ sub-group response to the IT3 "elements paper" Response Document (epo.org)
[125] Paragraph 111 Cornerstones for Harmonisation A B+ sub-group / industry symposium CORNERSTONES FOR HARMONISATION - A B+ SUB-GROUP / INDUSTRY SYMPOSIUM - RECORD OF THE PROCEEDINGS (epo.org)

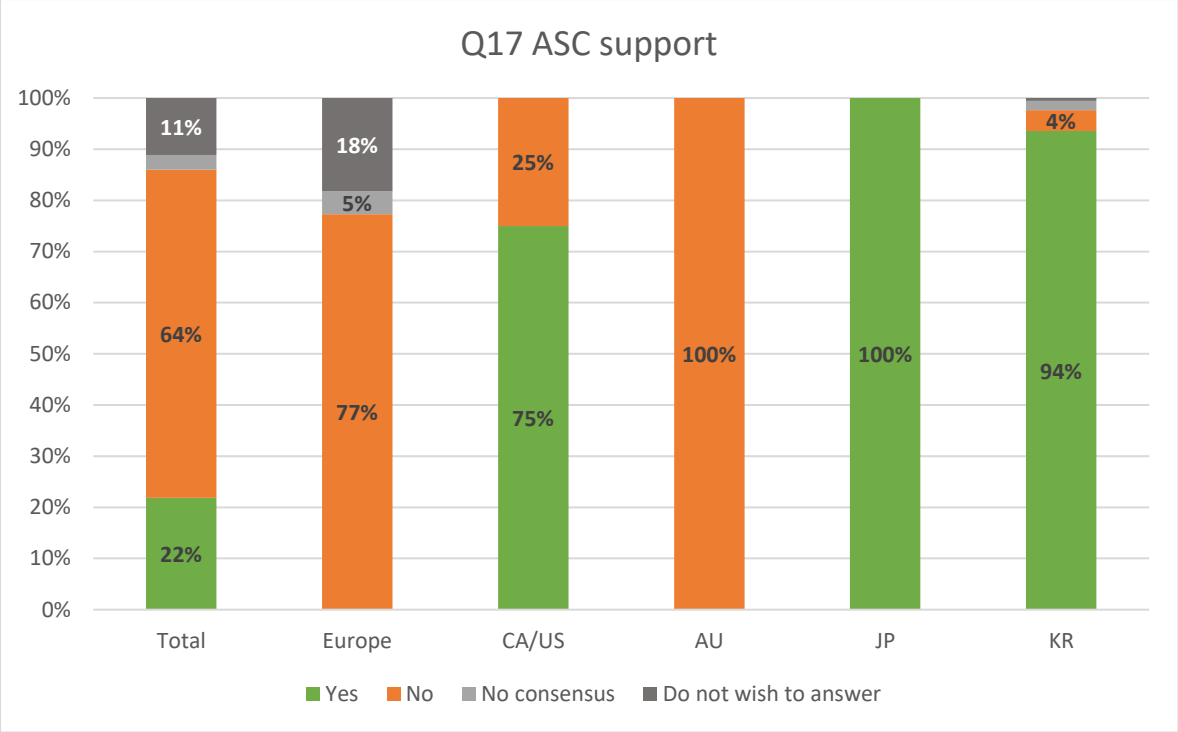


Figure 24

276. Users surveyed from JP, KR, CA and US – who all have domestic anti-self-collision clauses – were mostly supportive of ASC. European and AU respondents, operating in systems which do not have ASC, were largely opposed.

277. When asked, as a measure of flexibility on this issue among those surveyed, whether the alternative would be acceptable, most users were opposed. Users in KR and AU however expressed noticeably more flexibility in this regard.

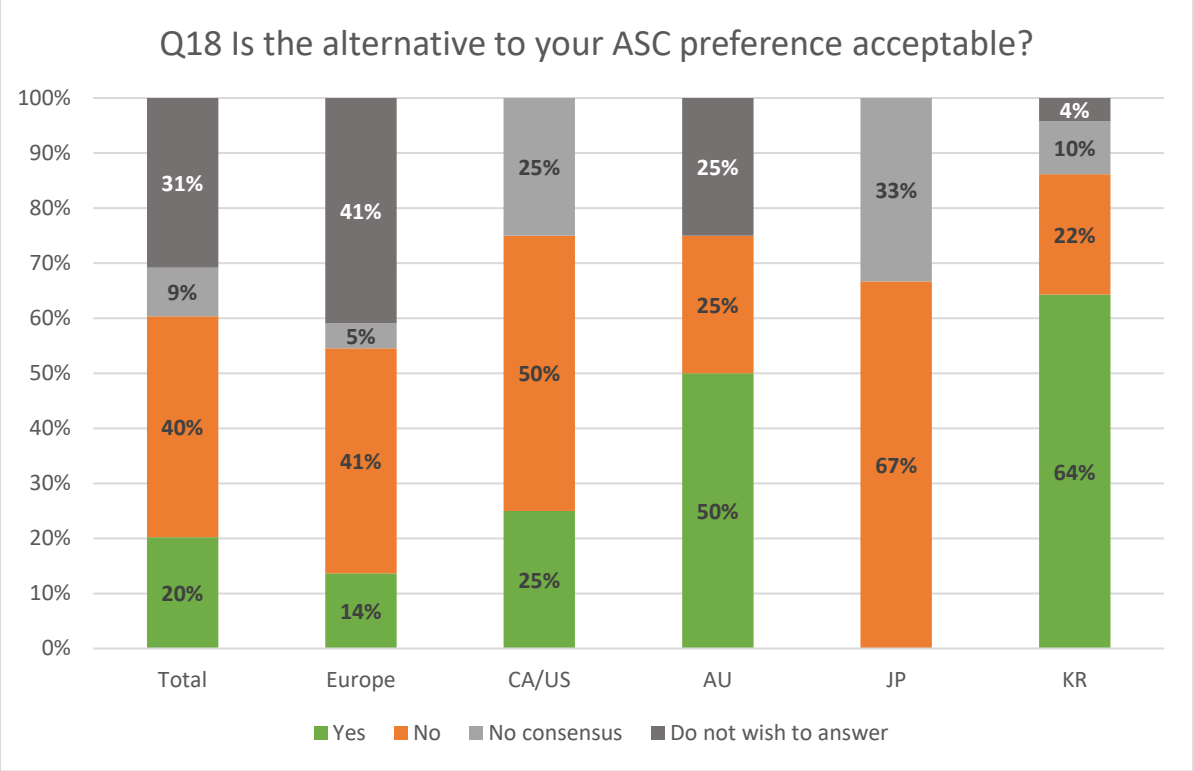


Figure 25

Single patent issuing where two applications by the same applicant

278. Users were also surveyed as to whether the feature of a single patent issuing to the applicant, where the applicant must choose which of their two applications subject to ASC shall proceed to grant, as exists in CA, would be acceptable, if a system of conflicting applications contained an anti-self-collision clause[126].

[126] Surprisingly, both CA users surveyed did not appear to support this feature as part of an SPLH package. This may be explained by a preference for greater alignment with the adjacent US system that one CA user expressed would simplify matters. This position is also illustrated by the preference expressed by one CA user for a distance of novelty and inventive step, demonstrating remarkable flexibility.

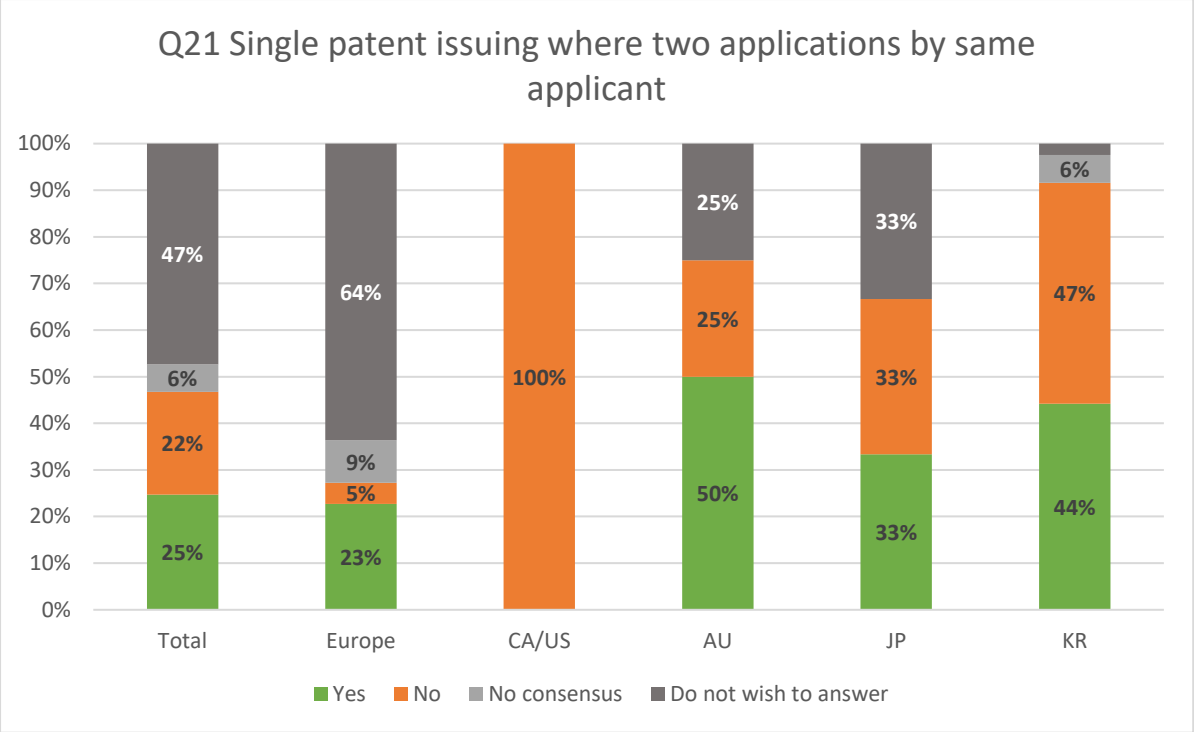


Figure 26

279. No region strongly supported this outcome as part of a package on SPLH. This would seem to indicate that it would be extremely difficult to agree on using this system as part of a package on SPLH, despite it being previously perceived as a possible compromise solution.

280. Users were also surveyed on whether they would support terminal disclaimers if a system of conflicting applications had an anti-self-collision clause.

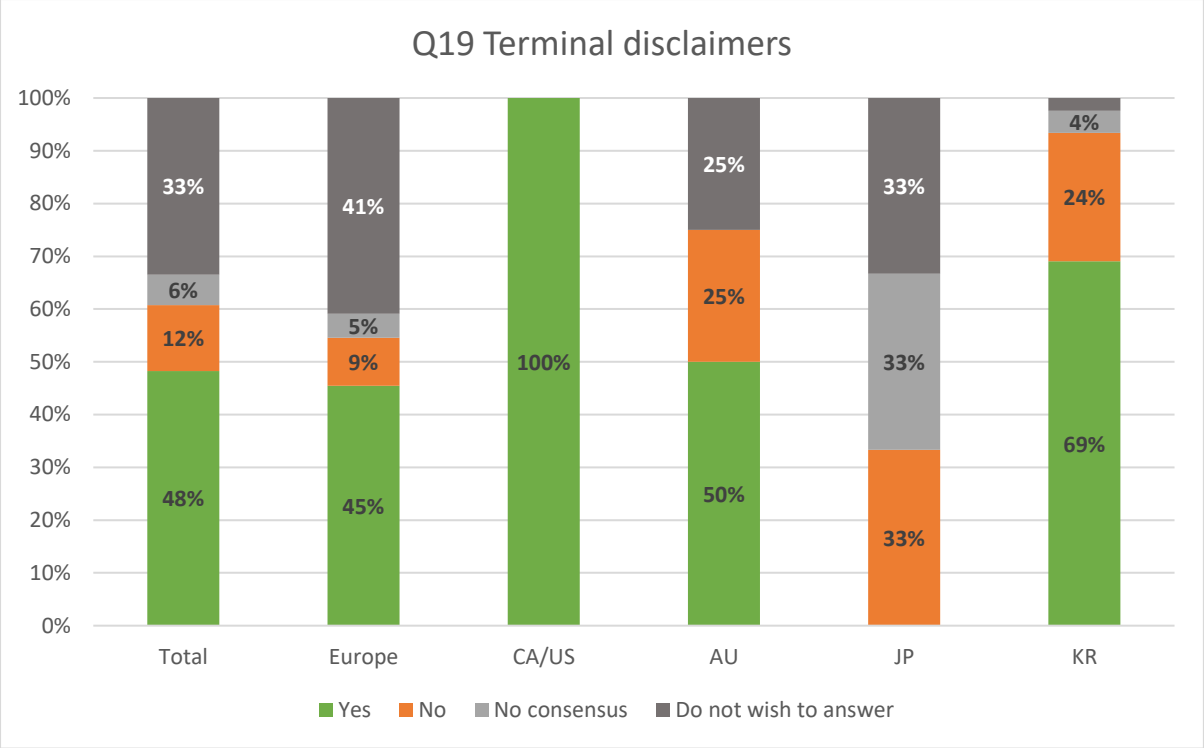


Figure 27

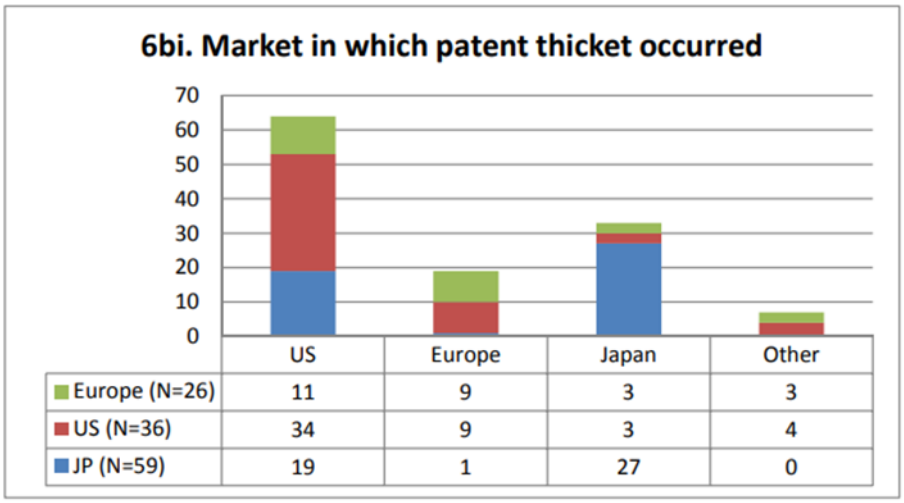
281. Responses received from surveyed US and CA user associations were fully supportive of terminal disclaimers.

282. European, AU and KR respondents all showed a reasonable but varied amount of support for this feature. While some clearly support terminal disclaimers, one European user association was vocal in its dislike of the provision: 'terminal disclaimers appear to give rise to a lot of legal problems.' JP respondents were alone in rejecting this option, though it should be noted this was only the opinion of one association, while the other two either did not respond or could not find consensus.

5.4.8 Empirical data comparing the effects of the different systems on patent thickets.

283. In the Tegernsee survey, the conflicting applications regimes of JP, the US and Europe were compared, and the phenomenon known as "patent thickets" was addressed, defined as "a cluster of patents that may or may not be related or subject to common ownership, and which have claims of overlapping scope." Respondents were asked whether they had ever experienced difficulties licensing a technology or been subject to multiple infringement claims for the same or similar subject-matter, which they believed were directly attributable to a "patent thicket". The vast majority of respondents never had any issues of this nature, suggesting that patent thickets may be less common than generally assumed.

284. Nevertheless, the results were interesting, in that respondents clearly reported having more issues with patent thickets in jurisdictions which had anti-self-collision provisions, i.e. in Japan and the US, than in Europe, which operated on a novelty-only basis, without anti-self-collision.

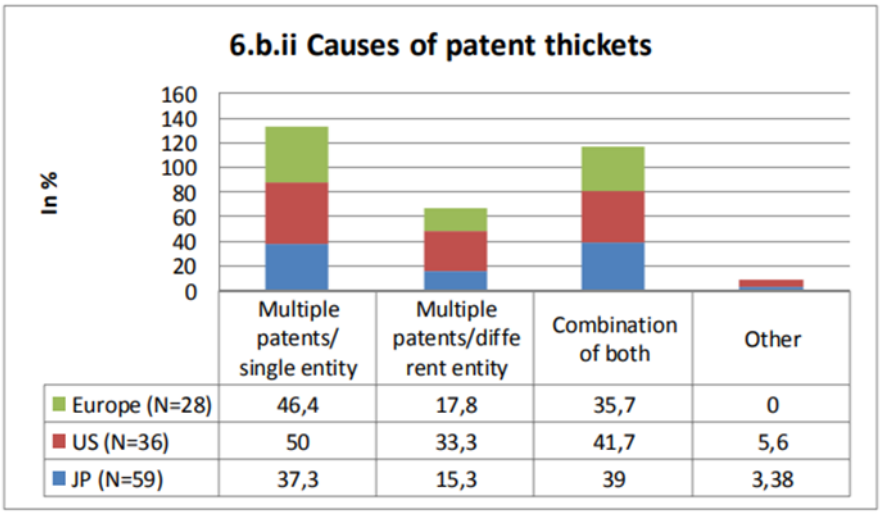


	US	Europe	Japan	Other
Europe (N=26)	11	9	3	3
US (N=36)	34	9	3	4
JP (N=59)	19	1	27	0

Source: Tegernsee Final Consolidated Report, (2014), p. 61.

285. Respondents were then asked to report on the causes of the patent thickets they encountered, and whether they were due to multiple patents granted to a single entity (which would suggest the effect of anti-self-collision), multiple patents granted to different entities (suggesting they arose in a system operating on a novelty-only basis, allowing patents with little "distance" to be granted to different applicants), or a combination of both. The fewest thickets were attributed to multiple patents granted to different entities, followed by a combination of both, with multiple patents granted to a single entity – once again, suggestive of anti-self-collision- being the most frequently encountered type of patent thicket. [127]

[127] Tegernsee Final Consolidated Report (2014), p. 60 et seq.



Source: Tegernsee Final Consolidated Report, (2014), p. 62.

286. In short, whilst multiple patents granted on close technology held by different entities undoubtedly give rise to licensing issues which may be more complex and costly than where multiple patents are held by the same right holder, the data suggests that patent thickets arise far less frequently in the novelty-only approach than they do in systems with anti-self-collision.

287. Nevertheless, it must be recognised that rules on conflicting applications are not the sole determinator of applicant behaviour and patenting patterns. Multiple rights will tend to arise in jurisdictions where patenting is relatively inexpensive, and this may partly explain why Europe, which is an expensive jurisdiction, may have fewer thickets. However, the data does not support the proposition that a system with anti-self-collision creating greater distance between the technology held by different applicants is preferable to a novelty-only approach from a licensing perspective.

5.4.8.1 Questionnaire results

288. The questionnaire asked about the perceived impact that switching from a given stakeholder's system (either having or not having anti-self-collision) to the alternative (introducing or removing an anti-self-collision provision), would have on patent thickets. The response rate to these two questions were low. Of those whose jurisdiction at present has no rule on anti-self-collision, 10 out of 12 user associations who gave a substantive response stated that this would result in more patent thickets, whereas another 2 believed that it would not significantly change the patent system. Of those whose jurisdiction at present has a rule on anti-self-collision, 2 out of the 3 user associations having provided a substantive response replied that moving away from anti-self-collision would result in fewer patent thickets, the third predicting that they would increase. It should be noted

that many stakeholders did not answer this question, with one association remarking: 'There would be a variety of other factors, such as technology, potential market, filing strategy, potential prior art etc., which would affect the situation more.'

5.4.9 PCT Applications

289. In most B+ jurisdictions, published PCT applications enter the state of the art once they enter the national/regional phase and are relevant as of their filing/priority date. However, in the US and AU, PCT applications enter the state of the art upon publication and are also relevant as of their filing/priority date.

290. While both of these approaches effectively prevent double-patenting, there are some differences.

5.4.9.1 Entry into the prior art as of the date of publication

291. It has been suggested that where PCTs form part of the secret prior art upon publication "this creates an international pool of secret prior art, which increases the usefulness of search results in a work-sharing context." [128] However, this approach is also criticised as "overkill in terms of preventing double patenting" since it prevents patents issuing based on prior applications never entering into the national phase. For these applications, no double-patenting issue would otherwise exist.[129] Additionally, it has been commented that this "international pool of secret prior art" may not be suitably translated and thus may be difficult for examiners to utilise.[130] While machine translation continues to improve, lending less weight to this argument every year, this remains a current concern for patent offices.

292. Since this feature applies without prejudice, there is no notable impact on the balance between the rights of first-filers and third parties. However, since the PCT route is expensive, it tends to be used more by larger companies which have more resources available. As such, where PCTs form part of the secret prior art upon publication, this may be of more benefit to larger companies whose applications are more likely to prevent national applications from being granted.

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[128] Page 5, paragraph 4 B+ Sub-Group Treatment of Conflicting Applications https://link.epo.org/web/b_plus_sub-group_treatment_of_conflicting_applications_EPO-JPO-USPTO_2015_en.pdf

[129] Page 2, paragraph 4 Summary of Australian consultations on Industry Trilateral proposals for substantive patent law harmonization Consultation on SPLH 2022 - Report of Australia

[130] Paragraph 179 Report of the Tegernsee Experts Group: treatment of conflicting applications Report of the Tegernsee Experts Group: treatment of conflicting applications

Moreover, PCT applications which do not enter the national/regional phase are usually filed by applicants outside the jurisdiction, whereas national applications tend to be filed by applicants in their home market. Thus, a norm applying to PCT applications not requiring them to enter the national/regional phase to become secret prior art in any given jurisdiction would primarily impact the domestic innovators which national patent systems attempt to incentivise and support.

293. Whichever system is used, it would not appear to impact the ease or cost of licensing. However, the AU/US system might make FTO opinions generally less complicated and less costly, as there would be no need to check the individual status of PCT applications for entry into the national/regional phase in order to determine whether they constitute secret prior art.

5.4.9.2 Entry into the prior art as of the date of entry into the national/regional phase

294. Under the alternative option, PCT applications only become relevant when they enter the national/regional phase and so would cause a double-patenting issue.

295. However, critics think this constitutes unwarranted discrimination against PCT applications. Furthermore, since national/regional entry may not occur until up to 31 months after filing and can be granted sooner, subsequently granted applications may issue with a "cloud of uncertainty."[131] This may be more acute in jurisdictions where a translation into an accepted language is required, where publication of a translation can take even longer.[132]

5.4.9.3 Stakeholder positions

5.4.9.3.1 Questionnaire results

296. In the questionnaire, users were also polled on which system they believed represented best practice with respect to PCT applications.

[131] Page 10, paragraph 4 Policy and Elements for a Possible Substantive Patent Harmonization Package Policy and Elements for a Possible Substantive Patent Harmonization Package (epo.org)
[132] Paragraph 223 Cornerstones for Harmonisation A B+ sub-group / industry symposium CORNERSTONES FOR HARMONISATION - A B+ SUB-GROUP / INDUSTRY SYMPOSIUM - RECORD OF THE PROCEEDINGS (epo.org)

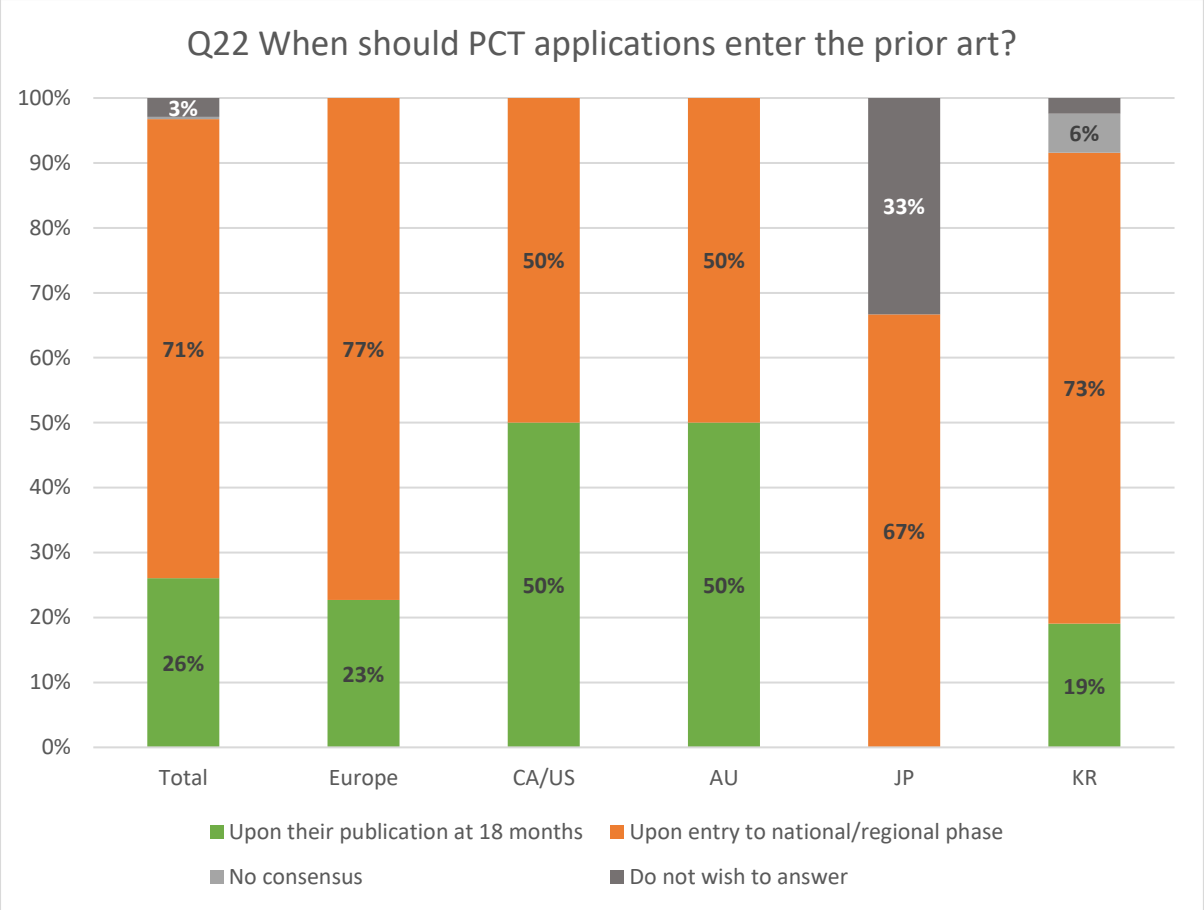

Figure 28

297. On the treatment of PCT applications, both US respondents expressed a preference for PCT applications to become prior art upon publication at 18 months, regardless of whether the application enters the national/regional phase, which reflects US law.

298. This consensus within the US is not matched elsewhere. While AU respondents were split on the issue, every other region's respondents expressed a clear preference for PCTs becoming prior art upon their entry into the national/regional phase.

299. This suggests that, across most regions, a clear majority of user associations prefer this latter approach. However, one cannot speak of a consensus at this stage and this may remain an issue which may have to be addressed upon balancing a package of norms.

6. Prior User Rights

6.1 Introduction

300. Within the patent system, prior user rights (PURs) allow the balancing of the interests of applicants and those of third parties having legitimately used an

invention secretly prior to the critical date. If a prior use is secret, it does not constitute prior art, and will not form an obstacle to the granting of a patent. However, in such cases, since it is not considered to be in the public interest to destroy legitimate investment, third parties are allowed to continue use of an invention despite the grant of the patent.

301. PURs derived from the patentee have continuously been identified as a key feature of a 'safety-net' grace period and an essential complement to the grace period.[133] There is general agreement that where the source of the knowledge of the invention used by the third party is independent of the applicant, prior user rights may arise. However, views diverge over the issue of the approach to be taken when the knowledge of the invention has been derived from the applicant, including through a PFD made by the applicant or with their consent during the grace period. This issue constitutes a crucial intersection between the grace period and the rights of third parties. Furthermore, it is the central question standing in the way of agreeing harmonised laws over prior user rights and, more generally, is one of the most challenging issues within the SPLH process.

302. If prior user rights may accrue where knowledge of the invention was derived from the applicant ('derived PURs'), then an additional question regarding the standards of behaviour required from the third party becomes arguably far more significant.

303. Finally, questions remain regarding objective criteria for qualifying activities for prior user rights to accrue, as well as the scope of the prior user right, and in particular, the extent to which changes to volume, embodiments and mode of use are allowed. However, further work is needed on these issues before further discussion can be contemplated and they have therefore not been addressed in this report.

304. This analysis further contextualises the options identified in the 2023 Report by the Group B+ Working Group on SPLH, extracting evidence from previous studies on Prior User Rights. Focusing primarily on identified areas of divergence, the analysis identifies: the impacts and/or effects of implementing these options and any gaps in the understanding of these issues which warrant further study.

6.2 Core Principles

[133] See Tegernsee Hearing in 2013: B+ Background Document to the Symposium (2017) 38; IT3, Policy and Elements for a Possible Substantive Patent Harmonization Package (2021) 21.

305. Although interest in harmonisation has varied by jurisdiction, prior user rights has been an important issue for stakeholders from an early stage.[134] In 2015, the Group B+ Sub-Group ('B+ Sub-Group') agreed on objectives and principles for SPLH, establishing two principles for prior user rights[135]:

i. A third party who has started using the invention in good faith prior to the filing of a patent application for that invention by another party should have a right to continue to use that invention.

ii. The circumstances under which prior user rights arise, including the extent to which they rely on actual use having taken place, should balance the interests of third parties to protect their investments with the interests of the inventor/applicant.

306. Consistent with the general objectives previously agreed within the B+ Sub-Group for the global patent system, stakeholders have also repeatedly identified *balance,[136] simplicity,[137] and predictability[138]* as important objectives for PURs in particular,[139] and have emphasised the link between the grace period and prior user rights.[140] These objectives are key when evaluating options for PURs.

6.3 Conditions of accrual of right: source of knowledge of the invention

307. Whether a third party should be able to claim PURs if their knowledge of the invention was derived from a PFD by the patentee is one of the most intractable

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[134] PURs was either critical or important 84% of respondents to the JPO survey, 81.7% of respondents to the USPTO survey and 74% of respondents in Europe B+ Background Document to the Symposium (2017) 55 citing Consolidated Report on the Tegernsee User Consultation on Substantive Patent Law Harmonization" (May 2014) 96; In 2014, around 62% of European respondents stated that [prior user rights] should be harmonised, compared to 50% in the US and 32% in Japan: 'Economic analysis of the grace period by Europe Economics (2014) 38.
[135] Group B+ Objectives and Principles Paper (2015) 6; reiterated in B+ sub-group response to IT3 elements paper (2017) 9.
[136] The Tegernsee Process and the B+ Sub-Group previously identified the main purpose of PURs as striking a balance between the interests of the prior user and the patentee: B+ Background Document to the Symposium (2017) 55 citing Consolidated Report on the Tegernsee User Consultation on Substantive Patent Law Harmonization" (May 2014) 76.
[137] Simplicity was a key reason outlined in the 2022 report for responses that rejected the Industry Trilateral (IT3) PURs proposal: SPLH WG Report (2023) 54.
[138] The Sub-Group has noted industry concerns over subjectivity and unpredictability of previous PUR proposals: B+ sub-group response to IT3 elements paper (2017) 10; Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 19 (Au industry), 22-23 (Canadian industry).
[139] Group B+ Objectives and Principles Paper (2015) 1. Balance, simplicity and predictability were again identified as important objectives by stakeholders at the 2017 b+ sub-group symposium Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 19 (Au industry), 22 (Canadian industry), 26 (AIPPI), 27 (FICPI).
[140] AU/NZ industry representatives at the 2017 Symposium stated PURs were necessary to make grace period 'palatable' and FICPI has stated that grace period is inseparable from PUR: Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 19, 26.

issues of harmonisation.[141] Depending on the policy decisions taken, prior user rights can potentially play an important role in creating a disincentive to use the grace period, thus helping to preserve the “file first, disclose later” paradigm.

6.3.1 Option 1. Prior User Rights are available where the information was derived from information made available to the public by the patentee or with their consent during the grace period (e.g. AU, CA under limited circumstances (where unaware of the origin of the PFD)).

308. PURs derived from the patentee have continuously been identified as a key feature of a ‘safety-net’ grace period and an essential complement to the grace period.[142]

309. In AU, s.119(3) of the Patents Act prohibits derivation from the patentee or their predecessor in title, unless the derivation was from information which was made publicly available by or with the consent of the patentee or their predecessor in title, during the grace period. There is no general requirement of "good faith" as it exists in many jurisdictions.

310. On the other hand, s.119(3) makes clear that when the invention is not in the public domain and thus confidential, or has been published in abuse of the patentee, i.e. not by them or without their consent, no prior user rights may accrue. Thus, arguably, there is an implicit requirement that the invention be obtained legitimately for prior user rights to arise.

311. The underlying legal basis for allowing derived PURs in the context of a grace period is sound: absent a filed patent application, a PFD by or for the applicant puts the invention in the public domain, where all are free to use the information. The grace period allows the inventor/applicant to take a pre-filing disclosure of their invention out of the prior art, thus allowing patent rights to be granted for the invention. This is balanced by protecting third parties having begun to invest in the use of the invention when it was in the public domain, through prior user rights. Third parties may continue to use the invention, as it is not in the public interest to destroy these investments while the applicant/inventor still benefits from a grace period.

312. Systemically, these prior user rights are intended to perform an important function to incentivise filing first and disclosing later, as well as filing quickly once

[141] In 2015, Sub-Group members split between those in favour because PURs provide legal certainty to third parties and incentives for applicants to file early, and those opposing because PURs should be a limited defence to patent infringement: Group B+ Objectives and Principles Paper (2015) 3.
[142] See Tegernsee Hearing in 2013: B+ Background Document to the Symposium (2017) 38; IT3, Policy and Elements for a Possible Substantive Patent Harmonization Package (2021) 21.

a PFD has been made, by creating risk for the applicant if they elect to use the grace period or if they delay filing once they have done so.

313. Allowing derived PURs reduces uncertainty for third parties and protects their investments. It also would reduce use of the grace period by patentees, consistent with a 'safety net' grace period that provides 'disincentives to the use of the grace period, thus discouraging strategic use of the grace period and enhancing legal certainty.'[143] Inventors would be more cautious about disclosure under this option. By extension, where prior disclosure is deemed beneficial, inventors will likely delay disclosure as much as possible and keep the number of disclosures to a minimum, reducing the risk of follow-on disclosure by third parties.

314. It places the risk of a disclosure on the party responsible for the disclosure. In cases where the third party assumed that the inventor would not seek patent rights, option 1 may also eliminate a source of unintentional infringement.

6.3.2 Option 2. Prior User Rights are not available when the knowledge of the invention forming the basis for qualifying activities has been derived from the applicant or their predecessor. (JP, KR, US; CA under certain conditions)

315. In contrast, a grace period without derived PURs has been said to contribute to a 'first-to-publish' system.[144] Reasons for supporting this option identified in previous studies by the Sub-Group emphasise the ability and the entitlement of the patentee to realise the benefits of their investments in an invention and to avoid cancelling-out benefits of a grace period.[145] Arguments were also made that this option would benefit society generally by hastening disclosures so that they can be built upon by others.[146]

316. Some users expressed concerns that derived PURs might: encourage the practice of speculative investments by third parties in public disclosures that may already be the subject of an unpublished patent application[147], undermine the

[143] EPO, Common Consultation Document Re: User proposals for substantive patent law harmonization Industry Trilateral / FICPI / AIPPI (2022) 24.
[144] ESAB, *The economic effects of introducing a grace period in Europe* (workshop report, 2014) 10 .
[145] Some workstream delegations believed that it would be unfair to allow third parties to freeride on information derived from an inventor who has not yet filed: Group B+ workstream report on non-prejudicial disclosures/grace period (2016) 4.
[146] SMEs would be able to test the market without the expense of patenting upfront whereas universities would be freer to publish: Group B+ workstream report on non-prejudicial disclosures/grace period (2016) 5, 24.
[147] Views of US IT3 members: Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 46-47.

grace period and endanger patentees,[148] and take away from the grace period and encourage disregard of patent rights and the patent system.[149]

317. In JP, KR and the US, prior user rights are prohibited from accruing where knowledge of the invention has been derived from the applicant. Thus, an inventor making a PFD and invoking the grace period prior to filing an application on the same invention bears no risk in this regard: they are protected from such disclosures leading to prior user rights. This places the risks and legal uncertainty associated with a PFD entirely on third parties. In CA, prior user rights may accrue from knowledge derived from an applicant's PFD only if the third party did not know that the applicant was the source of the knowledge, a clause which creates a considerable hurdle and does not appear to have been tested yet in court.[150]

318. Proponents of this approach consider that, just as early disclosers must be protected from re-disclosures of their own invention by third parties destroying the novelty of their invention, they must also be protected against third parties using their invention, otherwise the grace period becomes a trap for the unwary.[151] It is simply not fair for the applicant to be told that they may disclose prior to filing, but then expose them to such risks. This option may be preferred by Public Research Organisations (PROs) and universities, since they do not manufacture and in most countries are already protected by the experimental use exception and thus do not need PURs and would not benefit from them.

319. However, others believe that this gives applicants a significant additional benefit, beyond the grace period's original function, which is to remove a disclosure from the prior art applicable to an application.[152] Some users have commented that this is not consistent with a "safety net" approach to the grace period.[153] It also removes an essential incentive to filing first and disclosing later, as well as filing quickly once a PFD has been made, bringing the resulting system closer to a first-to-publish approach.

320. Even if this option were to be adopted, the question of whether it should be required generally that a prior user act "legitimately", i.e. without abuse vis-à-vis the inventor or in "good faith" for prior user rights to accrue, would remain.

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[148] 'the grace period becomes a trap for the unwary': Group B+ workstream report on non-prejudicial disclosures/grace period (2016) 46.
[149] See a US IT3 member: Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 44-45.
[150] B+ WG Comparative Analysis, p. 27.
[151] B+ Background Document, B+ Sub-Group / Industry Symposium, (2017), p. 37.
[152] B+ Background Document, B+ Sub-Group / Industry Symposium (2017), p. 46.
[153] Summary of Position of Australian/New Zealand Users, B+ Sub-Group / Industry Symposium (2017), p. 4.

Indeed, it is possible that knowledge of the invention may have been derived from another third party which is not the applicant.

321. In contrast with option 1, legal uncertainty would be increased for third parties and the risk of unintentional infringement might increase under this option. Furthermore, since applicants would enjoy the full use of the grace period without any disincentive effect from PURs accruing from their PFDs, disclosures would be likely to be made in greater quantity than under option 1, thereby increasing the impact of the grace period on the system, in terms of legal certainty in regard to the state of the art. This would also increase the risk of repeat disclosures by third parties, which may cause evidentiary difficulties for applicants needing to show that these are re-disclosures of their own PFDs.

6.3.3 Stakeholder positions

322. Previous studies covering PURs have identified European and Australian users as more likely to prefer Option 1 than users in jurisdictions which do not provide derived PURs in the context of a grace period. This is generally consistent with the results of AU and Europe's 2022 consultation responses which contributed to the development of this option.[154] Option 1 also is consistent with views of International Federation of Intellectual Property Attorneys (FICPI) and International Association for the Protection of Intellectual Property (AIPPI) reflected in the harmonisation packages proposed by these two organisations.[155]

323. In Europe, more recently, during the European Symposium survey in 2023, 78% of respondent European user associations were in favour of prior user rights being available where knowledge of the invention was legitimately derived from the applicant, during the grace period by the applicant or with their consent, referring to this concept as "robust prior user rights". In the European Common Consultation in 2022, the issue of prior user rights and derivation from the applicant was not specifically addressed, but on prior user rights, the FICPI Proposal and AIPPI Resolution, which both would allow "robust prior user rights"

[154] EPO, 'European Common Consultation on User Proposals for Substantive Patent Law Harmonisation Part I: Consolidated Report Consolidated Consultation Report' (Sept 2022) [196]; EPO, 'European Common Consultation on User Proposals for Substantive Patent Law Harmonisation Part I: Consolidated Report Consolidated Consultation Report' (Sept 2022) [203]; IP Australia, 'Summary of Australian consultations on Industry Trilateral proposals for substantive patent law harmonization' (Dec 2022).

[155] In its 2015 white paper, FICPI recommended "the prior user exploited the invention based on knowledge which was in the public domain at the time the prior user started commercial use or had completed significant preparations for such use"; but also where the prior user derived non-public knowledge from the applicant and started prior use with his direct or implied consent, so that there was no abuse in relation to him.' Group B+ workstream report on non-prejudicial disclosures/grace period (2016) 47.See also FICPI Position on Patent Law Harmonisation (Group B+) (2108), Annex 3, pp.47-53.

to accrue, were rated much more highly than the proposal of the IT3, which did not provide this instrument as a matter of policy. One reason given was that prior user rights based on derivation should not be restricted, as they constituted an important safeguard against a first-to-publish system.[156]

324. The Tegernsee study on grace period 2012 found 'unanimity [among the users from European Patent Convention (EPC) countries] that prior user rights should be available throughout the grace period, up until the priority or filing date of the application. The reasons for this being to protect third parties, but also to create enough risk for inventors to give them the incentive to file patent applications prior to disclosing their inventions.'[157]

325. Following its 2014 consultations, the EPO Economic and Scientific Advisory Board (ESAB) recommended that PURs be seen as a necessary condition of the introduction of a grace period in Europe.[158] The report noted that PURs in the context of a introducing a grace period would be welcomed by all types of organisations and limit the potential for unintentional infringement.[159]

326. The 2014 ESAB analysis also found that, if PURs could accrue from the inventor's PFD, respondent users 'would generally try to keep their invention secret and try to file a patent application as quickly as possible, thus minimising not only the risks for competitors but all other potential negative effects of the grace period'.[160] For all types of patent users, the grant of prior user rights would seem to have a greater effect in discouraging the use of the grace period in Europe than the disclosure of independent inventions.[161] This impact was reported to be greater for small-medium enterprises (SMEs) compared to large companies and universities and public research organisations, and among US patent users (relative to European and Japanese users).[162]

327. The 2017 Cornerstones for Harmonisation: a B+ Sub-Group / Industry Symposium ('2017 Symposium') recorded a number of attendees expressing views consistent with Option 1. AU/NZ industry representatives stated that 'PURs were an important counterbalance to the grace period' providing certainty to third parties, PURs were necessary to make the grace period 'palatable' and that the

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[156] Consolidated Report of the European Common Consultation on User Proposals for SPLH (2022), pp. 51-52
[157] Tegernsee Experts Group study on grace period (2012) 40-41. A 2002 UK IPO consultation also found that if a grace period had to be adopted that A patent holder should 'not be able to prevent a third party from using an invention if he started using it, or made serious preparations to start using it, before the filing date of the application. 'Tegernsee Experts Group study on grace period (2012) 43.
[158] ESAB, *Statement on the possible introduction of a grace period in Europe* (2015) 6.
[159] Europe Economics, *Economic analysis of the grace period* (2014) 137
[160] Europe Economics, *Economic analysis of the grace period* (2014) 17.
[161] Europe Economics, *Economic analysis of the grace period* (2014) 117.
[162] Europe Economics, *Economic analysis of the grace period* (2014) 122.

grace period should just be a safety net.[163] The *epi* argued that a Safety-Net Grace Period discourages a “Publish-First Priority" and that PURs are what characterize a grace period as a safety net grace period and encourage early filing.[164] Some views emphasised balance and the appropriate allocation of risk for disclosures as reasons for supporting derived PURs.[165] Others focused on the interests of third parties, their investments, and society as a whole.[166]

328. The EPO Study on the grace period 2022 found that respondent users from the areas surveyed (Europe, US, JP and KR) would be least likely to rely on the grace period if PURs were available.[167] The study found that ‘an unrestricted policy scenario (i.e. one based on the US model without prior user rights arising during the grace period or a statement requirement, and gracing intervening third party disclosures) would trigger the largest number of grace period requests and, therefore, the highest level of legal uncertainty from a quantitative perspective.’[168]

- 74% of European companies surveyed believed an unrestricted grace period would cause significant legal uncertainty, and 44% considered the level of uncertainty unacceptable.
- For European research institutions, 57% believed a grace period without PURs and/or a statement requirement would cause significant legal uncertainty and 22% considered the level unacceptable.
- For Japanese or Korean companies, 50% believed a grace period without PURs and/or a statement requirement would cause significant legal uncertainty and 17% considered that level unacceptable.
- For US companies, one third believed an unrestricted grace period would cause significant legal uncertainty, however, only 10% of US companies considered that level unacceptable.

329. Prior user rights (and a statement requirement) have also been found to reduce this perceived uncertainty. ‘EPO applicants who anticipate significant legal uncertainty as a result of an unrestricted grace period account for a majority

[163] Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 19; also found to mitigate uncertainty in Group B+ workstream report on non-prejudicial disclosures/grace period (2016) 4.
[164] Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 28.
[165] Group B+ workstream report on non-prejudicial disclosures/grace period (2016) 5; Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 44-45.
[166] Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 45-46.
[167] EPO, *The European patent system and the grace period: an economic analysis* (June 2022) 15, 64.
[168] EPO, *The European patent system and the grace period: an economic analysis* (June 2022) 64-65.

(55%) of European patent applications.' With PURs or a statement requirement the number is 37% to 44% of European patent applications.[169]

330. Certain types of respondent have also been more likely to favour option 2. The 2014 ESAB study found university interviewees opposed PURs where knowledge of the invention was derived from the applicant – likely reflecting that these respondents are unlikely to directly commercialise their inventions and so perceive limited direct benefit to allowing derivation.[170] Individual inventors [and SMEs] have been identified previously as most at risk from derived PURs 'effectively diminishing the inventor's rights'.[171]

331. It is clear therefore that while there is a variance of views in all jurisdictions, preference for options largely breaks down along jurisdictional lines as best demonstrated by the results of the 2022 SPLH consultations, which found a general preference among respondents for their domestic systems.

6.3.3.1 Questionnaire results

332. In the questionnaire, users were surveyed about whether derived prior user rights should be allowed.

[169] EPO, *The European patent system and the grace period: an economic analysis* (June 2022) 14.
[170] ESAB Economic analysis of the grace period by Europe Economics (2014) 82.
[171] See Jan Galama in Report from the Commission to the European Parliament and Council: An assessment of the implications for basic genetic engineering research of failure to publish, or late publication of, papers (2002) 17.

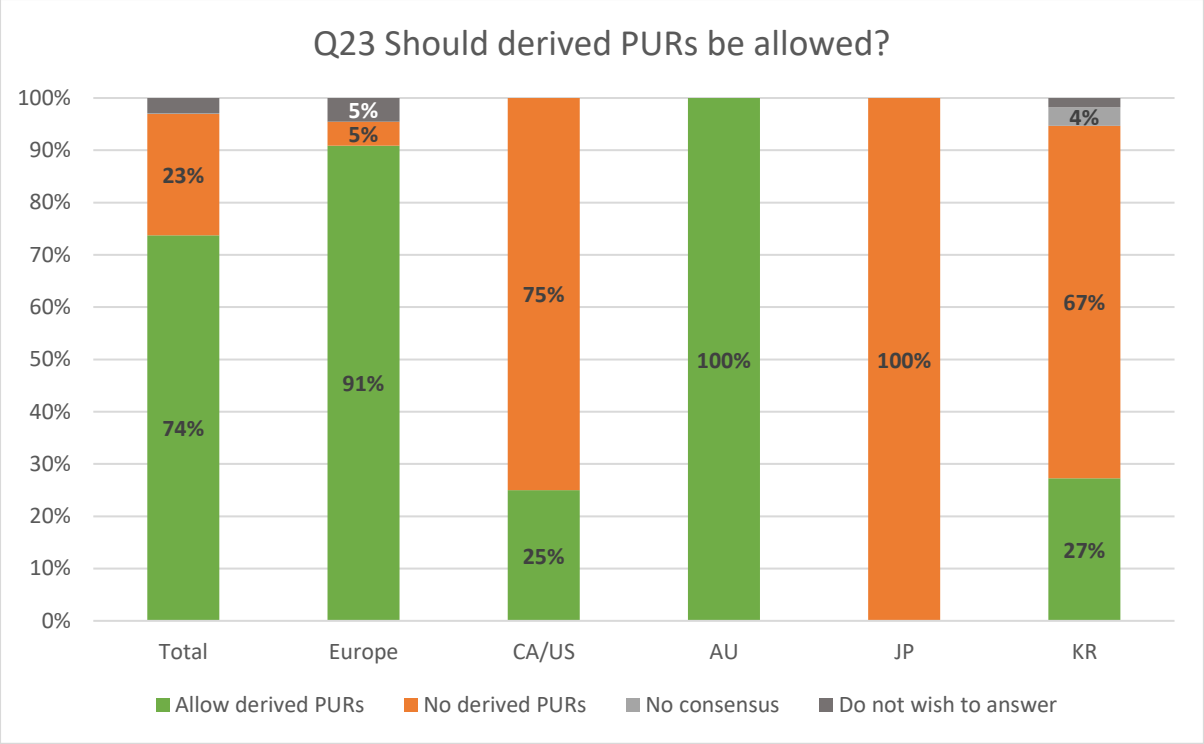

Figure 29

333. Overall, there was quite strong backing from those surveyed for allowing derived prior user rights. However, again it must be noted that this is heavily influenced by large backing from European respondents and unanimous support from Australian respondents. The two responses from CA were unanimously against allowing derived PURs. The responses from surveyed JP and KR associations were both strongly opposed. One JP respondent noted during one of the stakeholder consultations that they could not accept derived PURs because of the 'Possibility that the applicant might disclose to a partner and the partner [would] then [be] able to claim PUR, this would be detrimental to the inventor.' This was rebutted in the discussion as the standard of behaviour required from the third parties of either legitimate acts or good faith would apply to derived prior user rights as well. It was explained that in either case, the disclosure of an invention involving privity between the applicant and the third party would ordinarily occur within a contractual framework, with either implied or express terms of a nature to preclude the accrual of PURs, (e.g. an employment contract, a licensing agreement, a joint venture agreement, etc.).

334. The view from US respondents was mixed, as illustrated by the following points made during a fruitful discussion between US stakeholders:

1. "Support for robust PUR as without it would promote publish-first system. An exception for derivation is very complicated and enhances extended litigation."

2. "Not supportive of robust PUR as it would impede innovation. SMEs, universities and small inventors would be against this."

3. “Flexibility regarding derived PURs needs to be considered.”

335. It is clear that this is an area with regional divides which may not be easy to settle. However, it can be observed that at the AIPPI-FICPI-AIPLA Colloquium held in Munich in June 2024, discussions showed that issues with terminology may taint the discussions (e.g. “derivation” has negative connotations in some jurisdictions, where it is indicative of theft; “rights” may strike some users as overreach when in fact, a defence to an infringement suit is being discussed). This should be considered by the WG moving forward. Further consensus-building may also be possible if certain arguably inaccurate assumptions can be dissipated, and further dialogue with stakeholders should take place on this issue.

6.4 Good Faith

336. In 2015, the B+ Sub-Group agreed that, in principle, a third party who has started using an invention in good faith prior to filing should be able to continue using the invention. However, the term ‘good faith’ is undefined in the patent statutes in the many jurisdictions that require it.

337. It is interesting to note that most European jurisdictions, CA, and the US all require that the prior user have acted in good faith. On the other hand, this requirement is not found in the legislations of JP and KR, which prohibit derivation from the applicant, nor in that of AU, which expressly permits derivation from the applicant, provided the knowledge of the invention has been obtained from a PFD made during the grace period by the applicant or their predecessor, or with their consent, but not otherwise.

338. It is generally accepted that PURs should not arise where the prior user was based on abuse or breach of confidence, or of a contractual obligation.

339. Requiring a general standard of behaviour from the prior user, whether that qualifying acts have been done legitimately, or in good faith, imposes a condition which, unlike prohibitions of derivation from the applicant, applies in their dealings not only with the applicant, but also vis-à-vis all third parties. Arguably, it would be anomalous for a prior user to be able to steal an invention from an independent inventor relying on secrecy and then be able to claim prior user rights under a patent granted to another third party.

340. In the 2023 Comparative Analysis the working group identified four possible options:

(i) Require that the third party has acted in ‘good faith’ and not define it

(ii) Require that the third party has acted in 'good faith' and attempt to define the term
(iii) Require that the third party has not acted contrary to law or breached confidentiality or other contractual obligations
(iv) Require that the third party has acted in good faith or has not acted contrary to law or breached confidentiality or other contractual obligations.

341. The final option would in effect not result in a harmonised norm, as jurisdictions would be able to choose any approach they wished. Moreover, as the impacts (depending on which option is chosen) at a national level can be inferred from the discussion of the other three options, this option will not be discussed further at this stage.

6.4.1 Option 1. Require that the third party has acted in 'good faith' and not define it

342. Good faith has generally not been defined in PURs proposals that rely on the concept. The AIPPI and IT3 proposals both require good faith. The 2017 Symposium Background Document also notes that the concept of good faith is undefined in the statutes in many jurisdictions that require 'good faith'.[172]

343. Whether the requirement of good faith is met will be conditioned by some subjective elements, such as intent, knowledge, time at which such knowledge was acquired and other issues for which it might be difficult and costly to provide cogent evidence. If the original disclosure is then re-disclosed by a third party without attribution or mention of intent to patent, how does a prior user show that they did not know about the original PFD disclosing such information, assuming it is relevant? Such a rule may increase litigation frequency and costs, compared to other approaches. Some users have been critical that the assessment of good faith, as opposed to illegality or misappropriation, might import too much subjectivity[173] into its gatekeeper function.

344. The requirement of good faith may be defined quite differently from one jurisdiction to another, and it transcends the confines of patent law. Harmonisation on this point leading to consistency and predictability across jurisdictions might be difficult to achieve.

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[172] B+ Background Document to the Symposium (2017) 61; For example, the US America Invents Act has a good faith requirement and sets out specific conduct that would defeat the prior user rights defense. Paper of Prior User Rights, B+ Sub-Group on Patent Law Harmonization, Workstream on Prior User Rights (2016) 31; see 35 USC § 273 – 'Defense to infringement based on prior commercial use' (2012). Cf French Intellectual Property Code Article L 613-7 defines good faith as the possessor has himself made the invention or received it legitimately from its originator and has not been prohibited from using it': Paper of Prior User Rights, B+ Sub-Group on Patent Law Harmonization, Workstream on Prior User Rights (2016) 14.

[173] Presentation of Canadian Industry - B+ Sub-Group / Industry Symposium, (2017), p. 12.

345. Should a good faith requirement be agreed, where the onus of proof lies remains in question. In most legal systems, good faith is presumed, so that it would be expected that the burden would lie upon the patentee to show bad faith on the part of the prior user, which might be a challenging prospect, particularly in jurisdictions without discovery.

346. In summary, a good faith requirement prevents third parties from obtaining PURs in a range of circumstances in which it appears that Group B+ members and users consider that they should not accrue. However, the requirement of good faith may be defined or interpreted quite differently from one jurisdiction to another, particularly since it is not confined to the area of patent law. Therefore, while avoiding the provision of a definition may offer more flexibility, this would, at best, induce an initial lack of legal certainty and clarity and, at worst, render the requirement unpredictable and harmonisation elusive.

6.4.2 Option 2. Require that the third party has acted in 'good faith' and attempt to define the term

347. Some responses to the 2022 consultations indicated some ambiguity in the term 'good faith'. Good faith also might be read by some delegations to preclude PURs where knowledge of the invention is derived from the patentee.[174] Unless made clear elsewhere that PURs can or cannot accrue in these circumstances, 'good faith' without a definition may leave this aspect of prior user rights not harmonised. Naturally, the discussion presented in option 1 related to the concept of 'good faith', in general, applies to option 2 as well.

348. This approach could impact the circumstances in which a third party may obtain PURs. For instance, currently in AU, an article or presentation disclosing an invention in a manner that makes it available to the public without an obligation of confidence (for example, a non-disclosure agreement), would be a PFD that puts the invention in the public domain, and where qualifying activities have been undertaken, according to the clear provisions of the statute, PURs may accrue.

349. Similarly, in a jurisdiction providing a separate general standard of behaviour requiring that a prior user act legitimately, any third party learning of the invention in this manner and beginning to use it, even if they knew who the inventor was and somehow had notice that they intended to patent their invention, would be acting without breaching any statutory or contractual obligations, so that PURs could accrue.

[174] B+ Background Document to the Symposium (2017) 61-62.

350. However, in the circumstance where the third party is held to a standard of "good faith", this might not be the case. Knowing who the inventor is and being aware of an intention to file an application for the invention would put the third party on notice that the invention is unlikely to remain in the public domain. Beginning use under these conditions could perhaps not meet the requirements of "good faith", under certain definitions, although the third party would be acting within the confines of what is legally acceptable, without breaching any laws or contractual obligations. Should the good faith requirement be defined, its application to issues such as these would have to be settled.

351. The Background Document for the 2017 Symposium clarified good faith as meaning 'neither the acquisition of the knowledge of the invention nor the activities of the prior user have been carried out in breach of any statute, duty or agreement, so that the accrual of the prior user right is equitable under the circumstances'.[175] The Record of the 2017 Symposium reported broad consensus among consulted users that good faith be a requirement for PURs to accrue when it was stated as no 'abuse or breach of confidence or of a contractual obligation'.[176]

352. In general, defining 'good faith' provides greater certainty as to the content of the obligation and potentially more uniform application by Group B+ members. Furthermore, providing a clear definition of good faith would reduce concerns over variations in judicial interpretation across jurisdictions. This does however pose an additional challenge since the definition could be difficult to agree on.

6.4.3 Option 3. Require that the third party has not acted contrary to law or breached confidentiality or other contractual obligations

353. FICPI proposes that prior user rights be awarded where the prior user legitimately began use or preparations, and (a) knowledge of the invention was obtained through independent invention; (b) the invention was in the public domain at the time such activities were started; or (c) the prior user derived non-public knowledge of the invention through the applicant/patentee, and started the prior use with the direct or implicit consent of the applicant, there being in particular no abuse in relation to the latter, and no express or implicit contractual obligation for the prior user either to refrain from using the invention or from disclosing it to third parties. Conversely, there would be no prior user rights where non-public knowledge of the invention was derived from the applicant and exploitation began without the applicant's consent.[177]

[175] B+ Background Document to the Symposium (2017) 38.
[176] Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings (2017) 50, 52.
[177] Ibid., pp. 50-51.

354. In discussions with stakeholders, it is generally agreed that where the third party has not acquired or begun to use the invention in a legitimate manner, prior user rights should not be available. Where an invention is obtained through theft of information or breach of confidence, or if it is used in breach of any other contractual obligation (e.g. the third party has taken out a license to use an invention protected as trade secret within certain parameters, then begins a use of the invention not foreseen under the licensing agreement, or invokes the use under the license as a qualifying activity), prior user rights should not accrue.

355. One of the advantages of the criterion of “legitimacy” over “good faith” is that it is objective: theft of information or other acts against the law, breach of confidence, or breach of contract do not depend on subjective issues of knowledge or intent. An obligation exists which has been breached, or it does not. In the context of harmonisation, adopting this criterion not only to apply to derivation from the applicant, but as a general requirement, might result in more consistency and predictability than the current requirement consisting in a general obligation of good faith which is found in many jurisdictions.

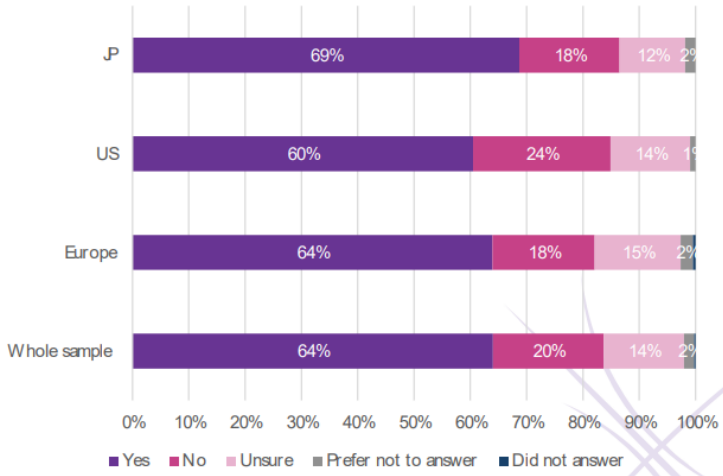
356. Indeed, two alternatives are usually considered in terms of obtaining the invention: independent invention or derivation from the applicant. However, as mentioned, theoretically, the invention could also be derived from a third party who is not the applicant or the prior user in question and it would be intolerable to allow a prior user right to arise against a patent where knowledge of the invention has been illegitimately obtained from another third party. Thus, a requirement of either legitimate means or good faith should be general in nature and not be necessarily tied to the person of the applicant/patentee or their predecessor, although it would of course also apply to such persons.

357. Generally, this option provides a potentially clearer statement of the principle underlying a good faith requirement (preventing prior users from acquiring rights to use the invention in circumstances that would not be considered legitimate by Group B+ members and users). However, not using the term ‘good faith’ may be considered inconsistent with the principle previously agreed by the Sub-Group, although this is not binding on the delegations. It is unclear whether this test would be acceptable to users who have previously expressed a preference for, or whose existing systems already require, good faith. It is also unclear whether this would sufficiently cover the range of circumstances contemplated by Group B+ members and users supporting a good faith requirement.

6.4.4 Stakeholder positions

358. In 2014, the ESAB Economic Analysis recorded responses to a survey question emanating from European, JP and US users, asking whether prior user rights should be available to third parties in good faith throughout the grace period. Overall, 64% of respondents were in agreement, with 20% disagreeing.

Figure 6.11: Q7. Should prior user rights be available to third parties in good faith throughout the grace period? Responses broken down by country of origin

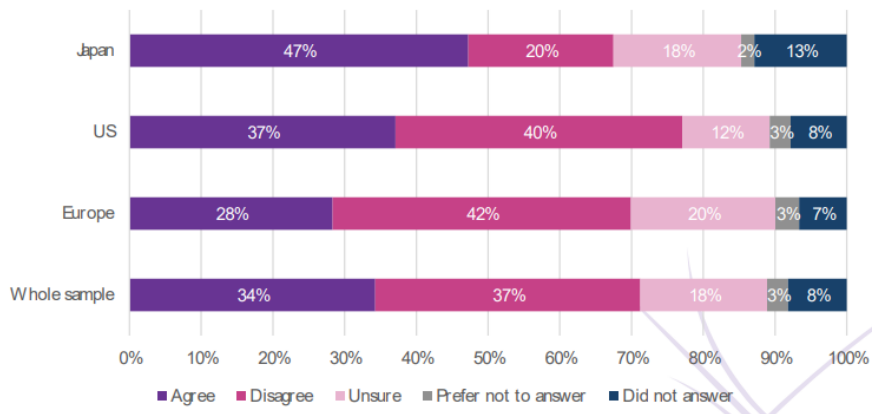


Note: This figure is based on 820 responses, 452 from Europe, 205 from the US and 163 from Japan.

Source: ESAB, Economic Analysis of the Grace Period (2014), p.83.

359. However, once respondents were asked to respond to a pointed statement such as “Where an invention has been put in the public domain and a third party has begun using it in good faith, a patent subsequently obtained thanks to the grace period should not stop that person from continuing to use the invention”, which is none other the practical translation of the theoretical question above, 34% agreed, 37% disagreed, and 29% were unsure, did not answer or preferred not to answer.

Figure 6.14: Views on prior user rights



Note: The figure presents respondents' views on the following statement: "Where an invention has been put in the public domain and a third party has begun using it in good faith, a patent subsequently obtained thanks to the grace period should not stop that person from continuing to use the invention." This figure is based on 820 responses, 452 from Europe, 205 from the US and 163 from Japan.

Source: ESAB, Economic Analysis of the Grace Period (2014), p.85.

360. In national consultations in 2022, the issue of good faith was not specifically addressed, but CA users nevertheless mentioned supporting a requirement that the prior user act in good faith. In AU, users supported their own system, or in the alternative believed that prior user rights should be subject to a requirement of good faith which would need to be defined. However, the issue of good faith was not discussed in opposition to another standard, such as the concept of "legitimacy" of the third party's actions. Further investigations and consultations may be needed on these points.

6.4.4.1 Questionnaire results

337. Users were asked about whether there should be a standard of behaviour required for prior user rights to arise.

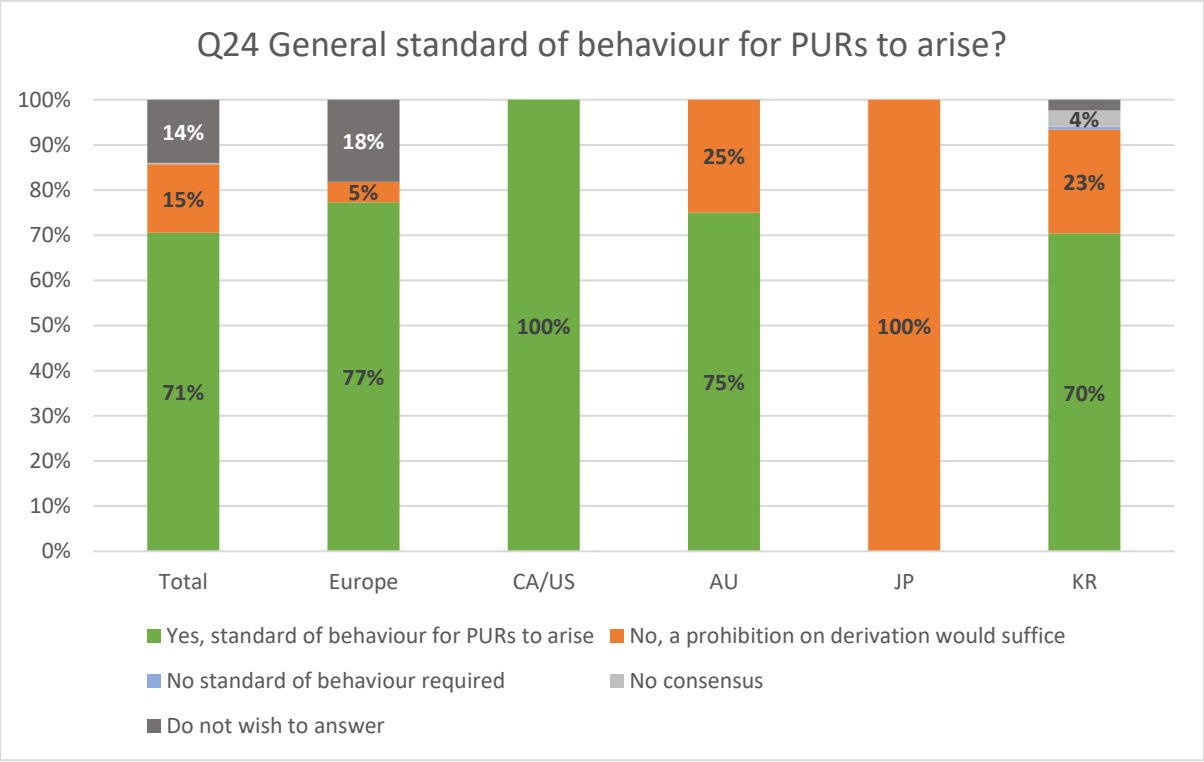


Figure 30

361. The majority view was for a requirement for a standard of behaviour being required for prior user rights to arise. The exception to this view came from JP respondents who instead supported the option that a prohibition on derivation would suffice (which, as seen, reflects their national law, as well as the statutes of CA, KR and the US). This shows further evidence that JP users do not support the principle of derived prior user rights in general.

362. Users were then asked about what the general standard of behaviour required should be.

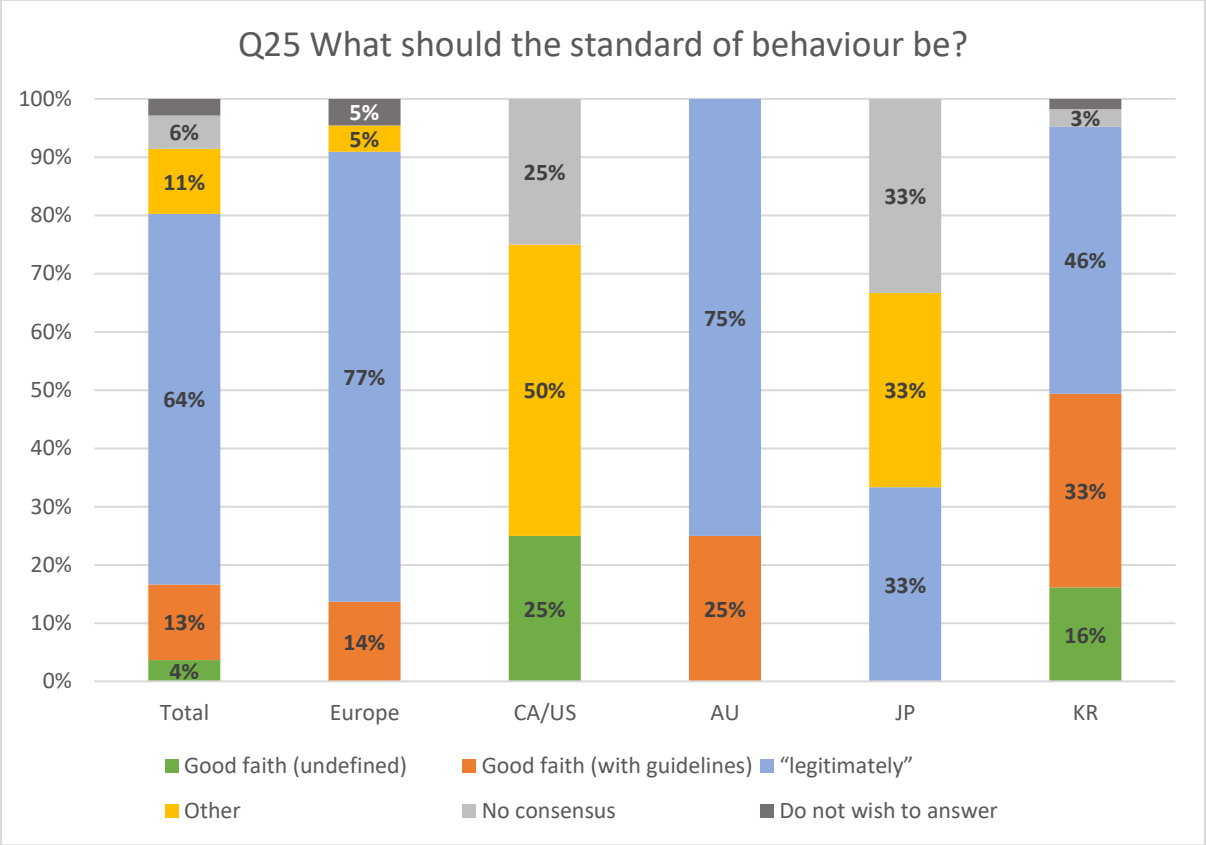


Figure 31

363. There were strong regional divides present. European and AU respondents appear to strongly prefer legitimacy. One European respondent even went as far to say that they had 'no official redlines on PUR but would strongly oppose "good faith".' This was tempered by one AU respondent that expressed the view that 'AU users split between supporting good faith with guidelines and a requirement of legitimacy.' Many respondents from KR also supported this option. Although the KR response was quite varied and could be thought to indicate flexibility, a response from KR noted that 'there is a mixed response, but it is not yet clear whether this indicates flexibility.' There was also some backing from JP respondents, though views from JP associations were split overall. It could of course be argued that this would fit into the option of 'good faith (with guidelines)'. The two CA responses were split between no consensus and backing undefined good faith, whereas both US respondents selected 'other', and defined it in the same terms as 'in good faith (as defined within the jurisdiction) wherein such good faith includes that the prior user has acted "legitimately" (i.e., not contrary to law, or in breach of confidence or any other contractual obligation)'. One association stated further: '[We] supported a standard of "good faith," which is understood under US law. [We] recognize that "good faith" may not be universally understood or accepted. [We] also have recognized that an exception to qualification for prior user rights is a breach of legal obligations or confidence.

This latter standard is believed to be appropriate for an exception qualification for prior user rights.'

364. While the responses here initially appear divided, it seems that there may be more alignment upon closer inspection. As European and AU users support legitimacy, as the view from JP respondents is split and US respondents support a good faith definition encompassing a minimum requirement of legitimacy, there may be more international support for a standard of legitimacy. than initially apparent on the basis of the formulation of the questions. On the other hand, bearing in mind the opposition to derived prior user rights expressed by US users in the first round of B+ WG stakeholder consultations, their insistence on a good faith requirement in the questionnaire may partly be due to the fact that some view this requirement as excluding derived prior user rights ("the prior user knew it was not their own invention") without explicitly saying so, so the gulf between the user positions may also be greater than it appears.

365. One of the areas which will need to be investigated, is how much further a good faith requirement would act as a filter as opposed to a requirement of legitimacy, and whether this might dilute the disincentive effect of prior user rights in a grace period context. Also, it should be explored whether the potential decline in legal certainty, predictability and harmonising effect, as well as increased litigation costs which would be caused by a good faith requirement defined by the courts of individual jurisdictions would be worth the additional safeguards it might bring. This should be assessed in contrast to the relatively objective standard of legitimacy, which would be simple to apply, as it should be easy to bring evidence of the breach of a legal or contractual obligation, and subjective criteria assessed at the discretion of national courts, thus leading to different outcomes in different jurisdictions, would thereby be eliminated.

6.5 Scope

366. Another area of divergence present in the 2023 Comparative Analysis is over whether changes to embodiments, mode and volume should be allowed, and if so, to what extent. There is a tension between allowing PURs to perform their function of preserving the investment of the prior user, allowing them to use the invention for the purpose and changing needs of their business, and ensuring that the prior user is not given any unfair advantage over the patentee.

367. These issues have been dealt with by national courts. Unfortunately, currently, no study discussing the different approaches applied in different jurisdictions exists. Such a ground-up, in-depth analysis of national systems is beyond the scope of this report. However, a study of European national case law on PURs, conducted by the EPO member states, is due to be undertaken later

this year. Therefore, while this topic will need to be explored further if harmonisation is to be achieved, it seems prudent to await the results of this study before progressing the discussion on scope.

368. The WG therefore decided to suspend this topic for the time being, in order to await the results of this study, and to allow more time to pull together elements already gathered by the Group B+ in the past. The scope of PURs remains a topic which will need thorough discussion in order to agree a package of harmonised laws and it is therefore essential that this topic is picked up for further study in future.

7. Conclusion

369. Overall, there are a number of viable options on the table for each of the areas still being debated regarding SPLH contentious issues. Each of these options has a number of impacts, identified in this report through an extensive analysis of previous studies on the issues discussed herein. Ultimately, it would appear that none of these options are objectively preferable over any of the others. Hence, significant divergences between stakeholder views remain.

370. These divergences were laid bare by the responses to the questionnaire. Clearly, there are many issues where stakeholder views diverge, both within jurisdictions and across regions/internationally. There are however some topics, discussed herein, where stakeholder views are quite aligned, and some where the beginnings of flexibilities if not convergence may be emerging. This will allow the WG to focus on the more contentious topics in the future, and promote further convergence on issues where flexibilities may have been identified. Further progress depends on the continued engagement of stakeholders and delegations in discussing the issues and their policy underpinnings. The WG is pleased that this process has already begun strongly, with the stakeholder consultations carried out by the B+ WG in 2024, as well as in other fora such as the AIPPI-FICPI-AIPLA Colloquium held in 2024.

8. Annex I

Document	Link	Topics
Group B+ workstream report on non-prejudicial disclosures/grace period 2016	b+sub-group_non-prejudicial_disclosures_grace_period_en.pdf (epo.org)	Grace Period
Tegernsee Experts Group study on grace period 2012	Study mandated by the Tegernsee Heads: grace period (epo.org)	Grace Period
EPO Study on the Grace Period 2022	EPO Study on the Grace Period	Grace Period
ESAB Study on the Grace Period 2014	ESAB Study on the Grace Period	Grace Period
JPO Study on the Grace Period 2022	JPO Study on the Grace Period	Grace Period
AIPPI Resolution on Grace Period 2013	grace period	Grace Period
Patent Harmonisation: US & UK Study on Grace Periods 2015	Patent Harmonisation: US & UK study on Grace Periods (publishing.service.gov.uk)	Grace Period
REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND COUNCIL:	https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0002:FIN:EN:PDF	Grace Period

An assessment of the implications for basic genetic engineering research of failure to publish, or late publication of, papers… 2002		
Use of grace period and its impact on knowledge flow: evidence from Japan 2014	Microsoft Word - graceperiod_eng_Nov1++.docx (oecd.org)	Grace Period
The Debate Regarding the Grace Period in International Patent Law: A Reminder 2006	BiennYearbook_DEF_19042007 (allea.org)	Grace Period
A GRACE PERIOD FOR PATENTS: COULD IT HELP EUROPEAN UNIVERSITIES INNOVATE? 2013	efe41b39-336f-4826-b759-3669a60ccaee.pdf (sciencebusiness.net)	Grace Period
Grace Period Harmonization in the Open Innovation Era 2023	Grace Period Harmonization in the Open Innovation Era | GRUR International | Oxford Academic (oup.com)	Grace Period
Group B+ Study of Usage of Secret Prior Art in Patentability Determinations 2016	b+sub-group_conflicting_applications_work_stream_study_en.pdf (epo.org)	Conflicting Applications

Tegernsee Experts Group report on treatment of conflicting applications 2012	Report of the Tegernsee Experts Group: treatment of conflicting applications	Conflicting Applications
Group B+ Conflicting Applications Work Stream: Options for Harmonization of the Treatment of Conflicting Applications 2016	group_b_plus_sub-group_conflicting_applications_work_stream_options_paper_en.pdf (epo.org)	Conflicting applications
AIPPI Resolution on conflicting applications 2018	conflicting applications	Conflicting applications
B+ Sub-Group Treatment of Conflicting Applications 2015	B+ Sub-Group - Treatment of Conflicting Applications - September 2015 (epo.org)	Conflicting applications
B+ sub-group Report on further work and scope of Prior User Rights 2016	Comparative study of cases pertaining to a) the requirements for preparations to use an invention to qualify for prior user rights, and b) the scope of the prior user right in Australia, Germany, France, Japan, The Republic of Korea, Spain, Sweden, Switzerland, the UK and the US (epo.org)	Prior User Rights
Report on Prior User Rights Tegernsee III 2012	Report on prior user rights	Prior User Rights
Paper of Prior User Rights	b+sub-group_prior_user_rights_en.pdf (epo.org)	Prior User Rights

B+ Sub-Group on Patent Law Harmonization Workstream on Prior User Rights 2016		
AIPPI Resolution on Prior User Rights 2014	prior user rights	Prior User Rights
WIPO, Standing Committee on the Law of Patents Electronic Forum 2023	Certain Aspects of national/regional patent laws. Revised Annex II: SCP/12/3 Rev.2 (wipo.int) Questionnaire on Exceptions and Limitations to Patent Rights (wipo.int)	Grace Period Prior User Rights
IT3 elements paper 2021	Industry Trilateral Elements Paper of September 2021 (epo.org)	All
B+ sub-group response to IT3 elements paper 2017	Response Document (epo.org)	All
Tegernsee Aggregate Matrix Document 2012	TEGERNSEE EXPERTS GROUP - TABLE OF HARMONIZATION TOPICS - 2012 (epo.org)	All
Group b+ workstream draft report on implementation options 2016	group_b_plus_sub-group_implementation_options_en.pdf (epo.org)	All
Summary of Australian consultations on Industry Trilateral proposals for substantive patent law	Consultation on SPLH 2022 - Report of Australia	All

harmonization Group B+ 2022		
Consultation on Substantive Patent Law Harmonization Issues 2022	Consultation on SPLH 2022-Report of Canada	All
European Common Consultation on User Proposals for Substantive Patent Law Harmonisation Part I: Consolidated Report 2022	European Common Consultation on SPLH 2022 - Part I Consolidated Report	All
European Common Consultation on User Proposals for Substantive Patent Law Harmonisation Part II: National Reports 2022	European Common Consultation on SPLH 2022 - Part II National Reports	All
Results of User Consultation on Substantive Patent Law Harmonization in Japan 2022	Consultation on SPLH 2022 - Report of Japan	All
Policy and Elements for a Possible Substantive Patent Harmonization Package 2017	Policy and Elements for a Possible Substantive Patent Harmonization Package (epo.org)	All
Cornerstones for Harmonisation: a B+ Sub-Group / Industry Symposium Munich, Summary of Position of Australian/NZ Users	Summary of Position of Australian / New Zealand Users (epo.org)	All

2017		
Canadian Industry Reaction to Industry Trilateral Positions 2017	Presentation Canadian industry reaction 26.07.2017 (epo.org)	All
Reactions from KINPA 2017	Presentation KINPA reactions (epo.org)	All
Cornerstones for harmonisation a b+ sub-group / industry symposium record of the proceedings 2017	CORNERSTONES FOR HARMONISATION - A B+ SUB-GROUP / INDUSTRY SYMPOSIUM - RECORD OF THE PROCEEDINGS (epo.org)	All
Group B+ Objectives and Principles Paper 2015	Objectives and Principles Paper	All
B+ Background Document to the Symposium 2017	B+ Background Document	All
FICPI Position Paper on Harmonisation 2018	FICPI Position Paper on Harmonisation	All

9. Annex II

GROUP B+ WORKING GROUP ON SPLH

QUESTIONNAIRE

USER ASSOCIATION CONSULTATION 2024

The format of the Group B+ Working Group user consultations entails two rounds of regional meetings on outstanding issues identified by the Working Group in its report of 2023. At the first user consultation meetings held in March 2024, these issues were addressed and stakeholders were informed that a survey would be circulated after the meeting.

Participating stakeholder associations are kindly requested to engage in consensus-building within their associations on remaining contentious issues on the basis of the following questionnaire, which should serve as a guide to internal discussions. The concepts themselves are not explained here, users are referred to the Background Document distributed prior to the consultation.

Every **stakeholder association** is kindly requested to fill out the questionnaire, **on behalf of the association**, and return it to the Chair of the B+ Working Group on SPLH, at the UK IPO, by **24 May 2024 at the latest.** At the second round of consultations, the B+ Working Group will collate the results of this questionnaire, and present the outcomes, both according to region and globally, which will then be further discussed by participants.

In answering these questions, participant associations are urged to consider the issues from the point of view of the patentee as well as the point of view of third parties.

Please click only one box per question, except where otherwise indicated. (To click a box, hover over it, and left-click your mouse)

NAME OF THE ASSOCIATION:

_____

GENERAL

1. **Does your association support the goal of substantive patent law harmonisation (SPLH)?**

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

2. **How flexible are you in relation to SPLH?**

☐ We do not want SPLH. Our law represents best practice and it should not be changed

☐ We want SPLH, but only provided our own law does not have to change. Otherwise, we prefer the status quo

☐ We want SPLH, and realise that to achieve international harmonisation, compromises will be necessary. We are prepared to be flexible and change our own law, as part of a balanced harmonisation package (on definition of prior art, grace period, 18-month publication, conflicting applications and prior user rights), to be able to enjoy the benefits of harmonisation.

☐ No consensus

☐ Do not wish to answer

GRACE PERIOD

3. **Is your association in favour of an internationally harmonised grace period?**

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

4. **Should the internationally harmonised grace period be calculated from:**

☐ The filing date only

☐ The filing date, or, if applicable, the priority date

☐ No consensus

☐ Do not wish to answer

5. **Should there be a statement requirement?**

☐ Yes, a mandatory statement requirement with a time limit

☐ Yes, a voluntary statement with a presumption that items listed are graced

☐ No, there should be no statement requirement

☐ No consensus

☐ Do not wish to answer

6. **Assuming that there is a statement requirement and it is provided that the grace period should be invoked upon filing, with supporting documents filed within a month or two of filing, how strict should these time limits be?** *[Where a statement is required, if filed early enough in the patent granting procedure, it will both provide procedural efficiencies and reduce costs for both applicants and patent offices.]*

☐ These time limits should be strict

☐ The statement and supporting documents should be able to be filed, amended or completed up until the grant of the patent, subject to an additional fee

☐ The statement that the grace period is claimed and the supporting documents may be filed, amended or completed up until 16 months from the priority or filing date, subject to an additional fee, ensuring that the statement is complete prior to the publication of the application

☐ No consensus

☐ Do not wish to answer

7. *Some argue that if a grace period becomes internationally harmonised, safeguards (a statement requirement and/or robust prior user rights) are required to preserve the "file first, disclose later" paradigm to promote stability within patent systems and ensure that the grace period will be used as a "safety net" rather than as a strategic option.*
   Please indicate the grace period safeguards you would prefer. A grace period with:

☐ A statement requirement

☐ "Robust prior user rights", where third parties may obtain prior user rights if they have derived knowledge of the invention from a pre-filing disclosure made during the grace period by the applicant or their predecessor, or with their consent

☐ Both a statement requirement and robust prior user rights

☐ No statement requirement, no robust prior user rights

☐ Other, namely _____

☐ No consensus

☐ Do not wish to answer

8. **You have indicated your preferred grace period safeguards in question 7. Should these safeguards not be a feasible outcome in an international negotiation, please indicate the other concept(s) which would be acceptable to your association as a compromise. A grace period with:** (Should more than one concept be acceptable, please rank the concepts in order of preference by placing a number in the applicable boxes e.g. 1, 2)

A statement requirement

"Robust prior user rights", where third parties may obtain prior user rights if they have derived knowledge of the invention from a pre-filing disclosure made during the grace period by the applicant or their predecessor, or with their consent

Both a statement requirement and robust prior user rights

No statement requirement, no robust prior user rights

Other, namely _____

☐ No consensus

☐ Do not wish to answer

9. **Do you agree with the following statement: intervening disclosures of independent inventions by third parties form prior art?**

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

10. **Do you agree with the following statement: the burden of proof to show that a pre-filing disclosure is graced should rest on the applicant?**

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

11. **Would your association support accelerated publication?**

[Some users have proposed a system of accelerated publication, so that when the grace period is invoked for a patent application, the application would be published 18 months from the date of the first pre-filing disclosure. This pre-supposes a statement requirement in order to invoke the grace period.]

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

12. In the following circumstances, how often would you choose to use the grace period:

a. If an international grace period were to contain a statement requirement?

☐ Very often

☐ Often

☐ Rarely, only if there is a compelling reason

☐ Only in case of a problem, if a disclosure has already taken place

☐ Never

☐ No consensus

☐ Do not wish to answer

b. If an international grace period were to allow third parties to acquire prior user rights based on knowledge of the invention derived from a pre-filing disclosure made during the grace period by the applicant or their predecessor, or with their consent ("robust prior user rights")

☐ Very often

☐ Often

☐ Rarely, only if there is a compelling reason

☐ Only in case of a problem, if a disclosure has already taken place

☐ Never

☐ No consensus

☐ Do not wish to answer

c. If an international grace period comprised both a statement requirement and robust prior user rights

☐ Very often

☐ Often

☐ Rarely, only if there is a compelling reason

☐ Only in case of a problem, if a disclosure has already taken place

☐ Never

☐ No consensus

☐ Do not wish to answer

d. **If an international grace period did not require a statement and prohibited prior user rights from arising where knowledge of the invention has been derived from the applicant**

☐ Very often

☐ Often

☐ Rarely, only if there is a compelling reason

☐ Only in case of a problem, if a disclosure has already taken place

☐ Never

☐ No consensus

☐ Do not wish to answer

CONFLICTING APPLICATIONS

13. Which system do you believe represents best practice?

☐ Conflicting applications are relevant for the examination of novelty only, without anti-self-collision

☐ Conflicting applications are relevant for novelty only, with anti-self-collision, but where the applicant must choose which application shall proceed to grant

☐ Conflicting applications are relevant for enhanced novelty, with anti-self-collision

☐ Conflicting applications are relevant for both novelty and inventive step, with anti-self-collision

☐ Other, namely _____

☐ No consensus

☐ Do not wish to answer

14. **You have indicated your preferred system in question 13. Assuming that your first choice is not a feasible outcome in an international negotiation, please indicate the system(s) which would be acceptable to your association as a compromise.** (Should more than one system be acceptable, please rank the systems in order of preference by placing a number in the applicable boxes e.g. 1, 2)

Conflicting applications are relevant for the examination of novelty only, without anti-self-collision

Conflicting applications are relevant for novelty only, with anti-self-collision, but where the applicant must choose which application shall proceed to grant

Conflicting applications are relevant for enhanced novelty, with anti-self-collision

Conflicting applications are relevant for both novelty and inventive step, with anti-self-collision

Other, namely _____

☐ No consensus

☐ Do not wish to answer

15. **Regarding the "distance" between applications, please indicate the concept which is preferred by your association.**

☐ Novelty only

☐ Enhanced novelty

☐ Novelty and inventive step

☐ Other, namely _____

☐ No consensus

☐ Do not wish to answer

16. **You have indicated your preferred "distance" between applications in question 15. Assuming that your first choice is not a feasible outcome in an international negotiation, please indicate the concept(s) which would be acceptable to your association as a compromise.** (Should more than one concept be acceptable, please rank the concepts in order of preference by placing a number in the applicable boxes e.g. 1, 2)

Novelty only

Enhanced novelty

Novelty and inventive step

Other, namely _____

☐ No consensus

☐ Do not wish to answer

17. **Do you support the principle of anti-self-collision?**

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

18. **You have indicated your preference with regard to the principle of anti-self-collision in question 17. Assuming your preference is not a feasible outcome in an international negotiation, would the opposite alternative be acceptable to your association as a compromise?** *[it being understood that the resulting approach would in any event allow incremental inventions to be protected.]*

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

19. Please answer either question 19A or 19B, depending on the law in your own jurisdiction.

A. If your jurisdiction at present has a rule on anti-self-collision, and it were to change to a system without anti-self-collision, how would this impact the patent system? (Tick all the boxes which apply.)

Patent thickets would:	☐ increase	☐ decrease
Obtaining protection for incremental improvements would become:	☐ more difficult	☐ less difficult
Opportunities to obtain patents would:	☐ decrease	☐ increase
Patenting outcomes would become:	☐ less predictable	☐ more predictable
Licensing would become:	☐ more complex and expensive	☐ less complex and expensive
Freedom-to-operate opinions would become:	☐ more complex and expensive	☐ less complex and expensive

☐ It would not significantly change the patent system
☐ No consensus
☐ Do not wish to answer

B. If your jurisdiction at present has no rule on anti-self-collision, and it were to change to a system with anti-self-collision, how would this impact the patent system? (Tick all the boxes which apply.)

Patent thickets would:	☐ increase	☐ decrease
Obtaining protection for incremental improvements would become:	☐ more difficult	☐ less difficult
Opportunities to obtain patents would:	☐ decrease	☐ increase
Patenting outcomes would become:	☐ less predictable	☐ more predictable

Licensing would become:	☐ more complex and expensive	☐ less complex and expensive
Freedom-to-operate opinions would become:	☐ more complex and expensive	☐ less complex and expensive

☐ It would not significantly change the patent system
☐ No consensus
☐ Do not wish to answer

20. If an international package contained an anti-self-collision clause, would you support the adoption of terminal disclaimers?

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

21. If an international package contained an anti-self-collision clause, would you support the feature of a single patent issuing to the same applicant, where the applicant must choose which of the two applications shall proceed to grant?

☐ Yes

☐ No

☐ No consensus

☐ Do not wish to answer

22. PCT applications should become conflicting applications:

☐ Upon their publication at 18 months, regardless of whether they enter the national/regional phase or not

☐ Only upon entry in the national/regional phase

☐ No consensus

☐ Do not wish to answer

PRIOR USER RIGHTS

23. In a grace period context, the issue of derivation of the knowledge of the invention from the applicant by third parties arises. Please check the statement you agree with.

☐ Prior user rights should be prohibited from arising where knowledge of the invention is derived from the applicant

☐ Prior user rights should be able to arise where the knowledge of the invention has been derived from a pre-filing disclosure made by the applicant or their predecessor, or with their consent, during the grace period, but not if it was derived from the applicant otherwise

☐ No consensus

☐ Do not wish to answer

24. Where a prior user has acquired knowledge of the invention from another person (i.e. the applicant or a third party), should there be a standard of behaviour for prior user rights to arise, which, by its nature, would apply to the prior user's dealings with any third party, not just the applicant?

☐ Yes, there should be a standard of behaviour for prior user rights to arise e.g. to prevent prior user rights from arising where the invention has been obtained in breach of confidence from a third party who made the invention but is not the applicant

☐ No, a prohibition on derivation of the invention from the applicant would suffice

☐ No standard of behaviour should be required

☐ No consensus

☐ Do not wish to answer

25. If a general standard of behaviour were to be imposed on the prior user, it should be a requirement that the prior user has acted:

☐ in good faith, with that concept being left up to each jurisdiction to define

☐ in good faith, with guidelines defining that concept for the purposes of the provision

☐ "legitimately", i.e. not contrary to law, or in breach of confidence or any other contractual obligation

☐ Other, namely _____

☐ No consensus

☐ Do not wish to answer

ADDITIONAL COMMENTS

26. Please include any comments you wish to add below.